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France

HRI Food Service Sector

Annual

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Approved by:
Elizabeth B. Berry
U.S. Embassy

Prepared by:
Roselyne Gauthier

Report Highlights:
In 2005, trade sources estimate the French hotel, restaurant and institution (HRI) food service sector served over 9 billion meals valued at $90.7 billion. Commercial catering (restaurants, hotels and resorts, cafeterias, brasseries, cafes and fast foods) dominated the sector with 77 percent of the market. Institutional catering (education, healthcare, business catering, schools, hospitals, air and sea catering) represented 23 percent of the market.

The HRI/food service sector is an open, highly competitive market in France which is supplied primarily by domestic and EU producers. However, there are opportunities for U.S. suppliers for a variety of reasonably-priced, high quality and innovative products.

Includes PSD Changes: No
Includes Trade Matrix: No
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SECTION I. MARKET SUMMARY

Note: Exchange rates used in this report are as follows:
Calendar Year 2002: USD 1 = 1.057 Euros
Calendar Year 2003: USD 1 = 1.13 Euros
Calendar Year 2004: USD 1 = 0.806 Euros
Calendar Year 2005: USD1 = 0.8038 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 2005, France's population was estimated at 62.5 million (French National Institute for Statistics (INSEE)) with a per capita gross domestic product (GDP) of $34,306. France has approximately 25.7 million households and this number is expected to increase, 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 worldwide, in overall expenditures on food and related items behind the United States and Japan. The table below shows French household consumption by sectors for 2004 and 2005.

French Household Consumption by Sectors for 2004 and 2005 and Percentages

	2004		2005		
Sector	**Total Spent in 2004 in billion $**	**% Total Household Expenditures (in 2004)**	**Total Spent in 2005 in billion $**	**% Total Household Expenditures (in 2005)**	**% Difference Spent 2005/2004**
Food and non-alcooholic beverages	161.0	14.4	165.2	10.7	2.6
Alcoholic beverages and tobacco	37.1	3.3	36.8	2.4	- 0.8
Clothes and shoes	56.1	5.0	57.6	3.7	2.7
Lodging, heating and lightling	273.3	24.4	293.0	19.0	7.2
Health	37.5	3.3	41.8	2.7	11.5
Transport and Communications	79.4	7.1	209.5	13.6	63.8
Leisure and culture	105.4	9.4	109.8	7.1	4.7
Education	7.7	0.7	8.3	0.5	7.8
Hotels, cafes and restaurants	69.5	6.2	73.3	4.7	5.5
Other goods and services	120.8	10.8	132.7	8.6	9.8

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 2005, the French hotel, restaurant and institution (HRI) food service sector served approximately 9.1 billion meals valued at nearly 72.9 billion Euros ($90.7 billion), reflecting an increase in sales of 2.9 percent compared to calendar year 2004. The French hotel, restaurant and institution (HRI) food service sector is chiefly divided into two sub-sectors:

- Commercial catering - including restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, and fast food outlets, including street vendors. In 2005, total sales in this sector were 56.8 billion Euros ($70.7 billion) with 4.9 billion meals served.

- Institutional catering - including education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering. In 2005, this sector's total sales were 16.1 billion Euros ($20 billion) with 4.2 billion meals served.

Current Structure of the Food Service Market:
(estimated sales: $90.7 billion)

Commercial catering: Fast food, cafeterias, cafes and brasseries	27%
Traditional restaurants, including chains	50%
Institutional catering	23%
Total	100%

The table below indicates estimated sales of the French food service sector during the period 2000-2005.

Value of the French Food Service Sector

	Estimated Sales (in billion dollars)
2000	48.9
2001	51.4
2002	62.0
2003	N/A
2004	85.8
2005	90.7

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

Percentage Growth Rate of the HRI / Food Service Sales by Major Categories

	2005	**2006 (F)**	**2007 (F)**
Restaurants, including chains	*+2.2*	*+2.5*	*+2.7*
Hotels and resorts	+6.3	*+6.5*	+6.7
Other (fast foods incl cafes, snacks, brasseries)	+4.5	*+4.6*	*+4.6*
Institutional catering	+6.5	+6.6	+6.7

(F) = Forecast
Source: Neo-Restauration and Trade estimates

In 2005, commercial catering sales increased mainly due to chain restaurants, including grills and fast foods, where consumers were attracted by moderately priced meals. From the 4.9 billion meals served in this sector, 66 percent of the meals, by volume, cost 10 Euros ($12.4) or less, 13 percent cost between 10 and 15 Euros ($12.4-$18.7), 11 percent cost 15-20 Euros ($18.7-24.9) and "expensive" meals, which cost between 20-30 Euros ($24.9-37.3) fell to 7 percent. For 2006 and 2007, expectations are for slowed growth in the commercial catering sector reflecting generally slow (population/domestic spending??) growth in France and the European Union.

Institutional catering (education, healthcare, business catering, schools, hospitals, air and sea catering) is expected to continue its growth trend in the future. For 2006, operators remain confident despite a fiercely competitive environment where price negotiation is tough. Professionals are exploring new ways to secure contracts (multi-services, customized offers, adapting to new patterns of consumption, such as new concepts of snacking to better compete with the commercial catering). Education (schools, universities), as well as business catering, are progressing slowly while the healthcare and hospital sectors are increasing at a faster rate, focusing on nutritional/health foods. Direct management contracts are expected to increase, and direct management operators are tightening their organizations by developing information and communication campaigns aimed at consumers in an attempt to streamline their strategy and highlight their differences.

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 demand for catering services.
- Greater urbanization draws people to the cities, where they eat out more frequently.
- Changing eating patterns: a growing number of people have a meal or snack outside the home several times a day, instead of the traditional three meals a day at home.
- 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 their foods, increasing interest in fast foods, including snacks and ethnic foods.

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

Advantages/Opportunities	Challenges
The current French food service sector growth trend of six percent per year; this sector 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. Domestic and intra-EU products supply a high majority of French food and beverages. Therefore, U.S. suppliers face stiff challenges.
Relative weakness of the U.S. dollar vis-a-vis the Euro benefits U.S. products.	Price competition is fierce.
Decreasing European and French fish/seafood catch while 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.
France is Europe's leading meat consumer, primarily for natural and lean meat.	U.S. suppliers must comply with European and French regulations such as food safety, logistical constraints, and labeling regulations.

French consumers demand quality, innovative, healthy products.	U.S. suppliers must adapt products to French consumers' tastes and expectations at moderate prices.
U.S. fast food chains, theme restaurants, and the food processing industry are raising 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 with 77 percent market share. Trade sources estimate the value of commercial catering sector at 56.8 billion Euros ($70.7 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 51 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, India and America. Restaurant chains represent 12 percent of the commercial catering market and are growing at a faster rate than independent restaurants with approximately 150 new outlets opened in 2005, for an increase of 3 percent, compared to 2004.

  Customers represent 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 high quality cuisine.

- Hotels and resorts with restaurants – These establishments are operated by individual proprietors, companies or large corporations and are estimated to account for around 5 percent of the total food service market with 17,120 restaurants. In general, the French do not frequent hotels for their restaurants, except for dinner when traveling with the exception of a small number of luxury hotels with 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 has about 14 million visitors annually with food sales estimated at $245 million. It is the leading leisure park in France serving approximately 29 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. The third largest is Park Asterix serving about one million meals yearly. Asterix, a French history themed park, serves only traditional and neo-traditional French food. Futuroscope and Asterix have their own buying offices.

- 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 quick lunches at reasonable prices to customers who are mainly workers, young business people and students.

- <u>Fast food outlets, including street vendors</u> - 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 increasing as well. French fast food segment sales and the non-French fast food segment sales, are growing respectively at 6.12 percent and 1.83 percent. Most U.S.-style fast food restaurants and restaurant chains buy their food inputs in France and Europe. For example, 95 percent of McDonald's food purchases for its French restaurants 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 2005

Category	Number of outlets	Total sales i(In Million $)	Sales Percentage Change 2005/2004
Traditional restaurants	66,067	28,514	+0.8
Bistrot and cafes restaurants	43,103	6,239	+0.8
Fish/seafood type restaurants	94	185	+0.05
Theme restaurants	542	728	+1.96
Pizzerias	202	287	-0.49
Grills	571	1,058	+7.22
US-style fast food	1,412	3,969	+8.66
French fast food	1,645	1,187	+6.90
Cafeterias	553	966	-0.09

Source: Neo Restauration/Gira Sic Conseil

Leaders in the Commercial Catering sector in France in Calendar Year 2005

Rank	**Groups**	**2005 Sales (In Million $)**	**Sales % Change 2005/2004**	**Number of Outlets**
1	McDonald's France	3,110	+8.70	1060
2	France Quick	765	+2.50	315
3	Agapes Restauration	715	+1.87	325
4	Servair (Air Catering)	709	+1.73	N/A
5	Elior/Eliance	597	+7.07	711
6	Buffalo Grill SA	488	+9.19	272
7	Groupe Flo (1)	447	+5.46	145
8	Casino Cafeteria	386	-0.73	324
9	Groupe Le Duff	334	+2.65	343
10	Groupe Holder	326	+6.12	308
11	Autogrill	271	+1.49	N/A
12	EuroDisney SCA	245	+1.23	68
13	Sesare SAS	208	+11.26	167
14	SSP Compass (2)	208	+3.09	190
15	Yum Brands	204	+0.61	152
16	Brasseries Kronenbourg	202	+7.12	90
17	Bar & Co.	199	+12.68	185
18	Bertrand OB Holding	172	+0.14	N/A
19	Accor	152	+2.00	N/A
20	Cora	131	+0.96	N/A

N/A: Not Available

Source: Neo-Restauration Magazine

(1) Groupe Flo bought Tablapizza in March 2006

(2) Compass stopped activity with their SSP (Selected Service Partner) branch in spring 2006

Commercial Catering in France: Leading Groups and Brands in Calendar Year 2005

Groups	Brands
McDonald's France	McDonald's
France Quick SA	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, Fournil de Pierre
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 2005:

Groups	Number of restaurants	Sales in 2005 (In Million $)	% Sales Increase 2004/2003
McDonald's France	1060	3,110	+8.7
France Quick	315	765	+6.27
KFC France	37	93	+31.58
Major French Fast Food			
Paul, St Preux (Groupe Holder)	304	295	+5.38
La Station Sandwich, Pomme de Pain, Aubepain, Cafe Route, Phileas, Paul (Groupe Elior)	352	259	+4.99
Brioche Doree, Le Fournil de Pierre (Groupe Le Duff)	256	208	+1.83
Bonne Journee, Cafe Ritazza, Upper Crust (SSP Compass)	147	124	+10.85

Ciao, Spizzico, Burger King (Autogrill)	200	112	+5.88
La Mie Caline (La Mie Caline)	144	108	+9.03
Relais H SNC Relais H Cafe	185	98	+10.35
La Croissanterie (La Croissanterie SA)	129	71	+13.49

Source: Survey Neo-Restauration/gira Sic Conseil

1.2 Entry Strategy

Most 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. products can successfully replace some local and imported products and successfully fit into the local cuisine.

U.S. exporters should consider the financial strength, number and location of outlets, menu diversification, and purchasing policy of the business when targeting major restaurants or chains. In addition, U.S. exporters should also consider the following in formulating their entry strategy:

- Check EU and French regulations, e.g., hormone-free meat, biotech regulations, etc., and carefully verify the acceptability of each product's 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, France will reinforce and supplement the 178/2002 EU Food Law and the 852/2004 "H1" regulation on food safety.

- Verify the price competitiveness of the product compared to local and other imported products; 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. products 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 channels or specialized wholesalers.

Cash & Carry wholesalers display a wide selection of food and non- food products in large stores. They sell to food retailers, and the food-service sector restaurants and restaurant chains. Cash & carry offers 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

Group Name	Nationality	Hotel resort name	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 23 percent of the food service market. Trade sources value the institutional catering sector at 16.1 billion Euros ($20 billion) with approximately 4.2 million meals served in 2005. 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 and Elior. The contract catering business increased 6.5 percent in 2005, compared to 2004, and is expected to increase at about the same rate up to 2010.

- Concession Catering
  Concession catering includes 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 2005 and is expected to grow at a rate of 4 percent annually through 2010.

  The Sodexho group is the largest player in this segment, immediately followed by Elior group, the Compass group (mainly supplying airports), Autogrill (highways and railway stations) and Horeto (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 the Compass Group.

2.1 Company Profiles

The institutional catering sector in France has three major players representing 82 percent market share, 12 medium-sized regional companies and 29 small companies. This sector has been growing at a rate of 5 percent annually since 2000. 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 2005 (In Million $)	Sales % Change 2005/2004	Number of Restaurants	Meals Served in 2005 (In Million)	% Change Meals Served 2005/2004
1	Group Sodexho France (*)	2,029	+2.7	5,491	314	+1.3
2	Group Elior	1,518	+4.2	3,691	259	+4.2
3	Compass Group France	1,449	+10.5	2,900	200	+2.5
4	Group Score	186	+22.5	551	23	+27.5
5	Group API	167	+10.2	829	47	+7.9
6	Groupe Dupont Restauration	113	+11.6	390	27	+11.5
7	Groupe Ansamble	101	+14.6	365	23	+14.8

8	L'Alsacienne de Restauration/Vivae	98	+3.9	378	17	+2.8
9	Apetito France	42	+3.9	107	6	-13.6
10	Multi Restauration ServiceS (Group MRS)	42	+4.3	97	5	+0.3
11	Resteco-Bretagne Restauration	30	+7.0	76	N/A	N/A
12	Ascoger	24	+0.5	40	2	+11.0

Source: Club Restauration
N/A = Not Available
(*) Includes Sodexho, Sogeres, RGC, La Normande, Siges.

Top 10 Companies in the Health and Elderly Care Segment

Sales in this sector totaled approximately $7.6 billion in 2005, with 2.6 billion meals served, representing 38 percent, by value, of the total institutional catering sector. Experts forecast that steady growth in this segment will continue due to demand from an aging population. Opportunities exist for U.S. suppliers of frozen foods, semi-prepared foods or sides, and prepared meals.

Rank	***Group/Firm***	***Sales in 2005 (In Million $)***	***Sales % Change 2005/2004***	***Total Meals served (In Million)***	***% Changed Meals Served 2005/2004***
1	Sodexho France	554	+7.0	89	+3.3
2	Medirest (Compass Group France)	N/A	N/A	47	+2.7
3	Avenance (Elior Group)	N/A	N/A	50	+4.0
4	Sogeres (Sodexho)	83	-0.8	14	-1.7
5	Groupe API/RDR	68	+11.9	19	+10.0
6	Score Groupe	48	+194.5	7	+176
7	Dupont Restauration	38	+14.0	7	+14.6
8	Ansamble	30	+29.9	6	+26.6
9	Alsacienne de Restauration	24	+0.5	5	-1.7
10	Apetito	12	-1.4	18	0

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

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

The educational segment of the institutional catering sector had sales of approximately $6.2 billion in 2005, or 31 percent, by value, of the institutional market sector with 1.6 billion meals served in 2005. This segment showed overall growth of 9 percent in 2005. Few opportunities exist for U.S. suppliers due to low per-meal costs.

Rank	Group/Firm	Total Sales in 2005 (In Million $)	% Change Sales 2005/2004	Meals Served in 2005 (In Million)	% Change Meals Served 2005/2004
1	Avenance (Elior Group)	N/A	N/A	122	+4.1
2	Sodexho France	314	-3.5	81	+0.1
3	Scolarest (Compass Group France)	N/A	N/A	62	+2.2
4	Sogeres (Sodexho)	144	+3.5	29	+4.5
5	Group API/RDR	64	+8.0	23	+6.0
6	Ansamble	36	+12.9	12	+12.9
7	Dupont Restauration	25	+10.0	8	+10.0
8	Resteco Bretagne Restauration	17	+13.7	N/A	N/A
9	Apetito	12	-0.9	3	-11.7
10	Alsacienne de Restauration	12	+5.3	3	+5.3

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 30 percent of the institutional market sector, with 0.7 billion meals served in 2005. This sector showed overall growth 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 2005 (In Million $)**	**% Change Sales 2005/2004**	**Total Meals Served in 2005 (In Million)**	**% Changed Meals served 2005/2004**
1	Avenance (Group Elior)	N/A	N/A	87	+4.3
2	Eurest (Compass Group France)	N/A	N/A	85	+2.4
3	Sodexho France	646	-0.5	74	-2.8
4	Sogeres (Sodexho)	192	+10.4	20	+8.1
5	Group SCORE	124	+3.6	15	+5.3
6	L'Alsacienne de Restauration	57	+5.1	9	+4.7
7	Ansamble	36	+5.8	6	+8.4
8	Multi Restauration Services	35	+3.1	4	+0.4
9	Group API/RDR	34	+12.8	5	+8.4
10	Dupont Restauration	29	+11.8	5	+9.0

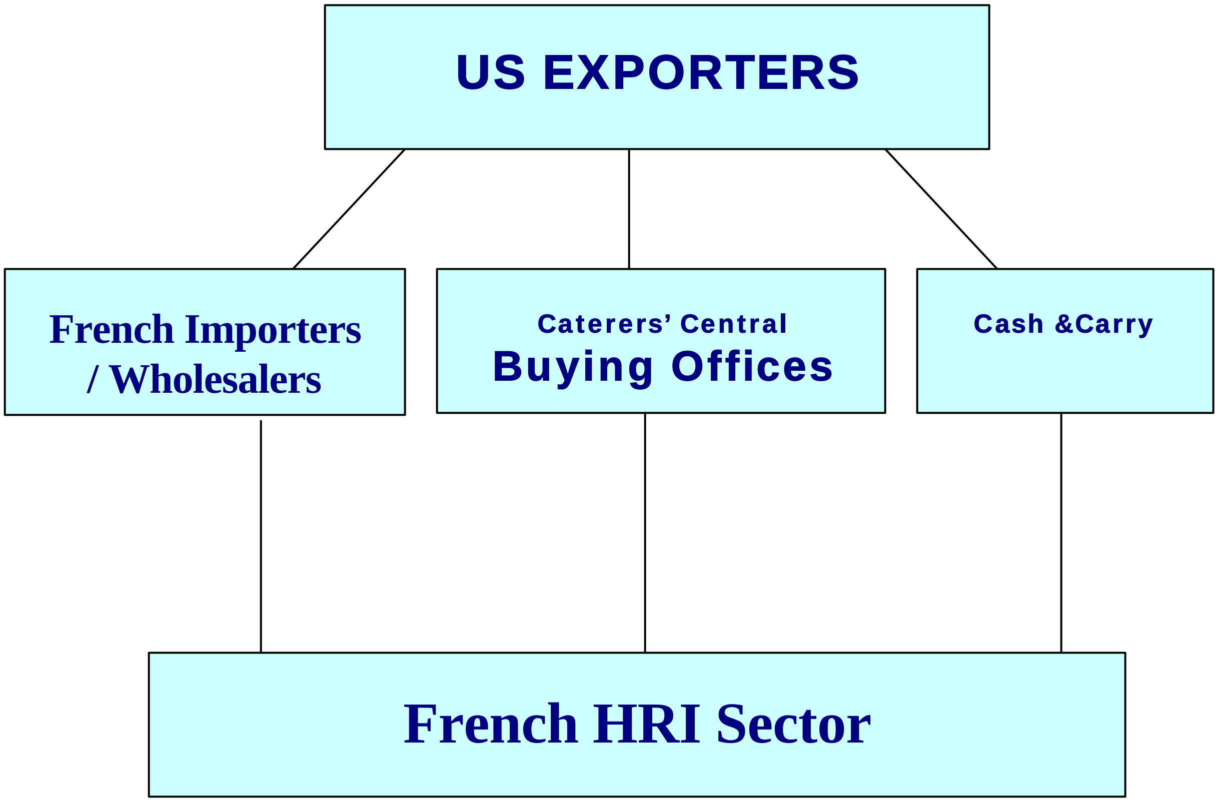
Source: Neo-Restauration Magazine
N/A: Not Available

Other Institutional Catering Sector: Army and Prisons

Sales in this segment of the institutional catering sector totaled $0.2 billion, or one percent, of the institutional market sector. Lack of available data makes it difficult to project annual growth, but opportunities for U.S. suppliers in this segment are likely very limited.

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 negotiate with potential suppliers based on specific requirements. Suppliers are selected primarily on the basis of price and quality.

3. Competition in the Commercial and Institutional Sectors

Domestic food and beverage products dominate the French food service market. Of imported products, 75 percent originate from EU member countries, which have several advantages in terms of reduced tariffs and transportation costs relative to third country imported products. The table below shows the major supply sources of imported food and beverages.

Product	**Import Market Size in 2005 (in Billion $)**	**Major Supply Countries in 2005**	**Market Summary**
Fish and seafood	3.6	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	0.7	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	1.4	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 of 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	3.7	USA, Turkey, Israel, Iran	Lower prices from key supply countries. However, U.S. products dominate in almonds and pistachios.
Fresh fruits (including grapefruits & exotic fruits	3.7	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 mostly exports brown rice. Biotech testing is a constraint.
Dry legumes (peas, lentils and beans)	0.1	China, Canada, Turkey, Argentina, USA	France grows lentils but imports most 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. 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, and pulses.

5. Post Contacts and Further Information

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

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