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Prepared By: Laurent J. Journo

Approved By: Kathryn Snipes

Report Highlights:

In 2019, France's Hotel, Restaurant, and Institutional (HRI) sector recorded $90 billion in sales revenue, a 1.7 percent increase from the previous year. Hotels and restaurants accounted for the largest share of the sector with $64.2 billion in sales. The fast food segment is the fastest growing sub-sector of HRI, but high-end restaurants and international hotels continue to offer opportunities for U.S. products. In 2020, the corona virus pandemic and the resulting quarantine has had an enormous impact on the sector, and has resulted in the permanent closing of some restaurants and business which dampens short-term opportunities in the sector.

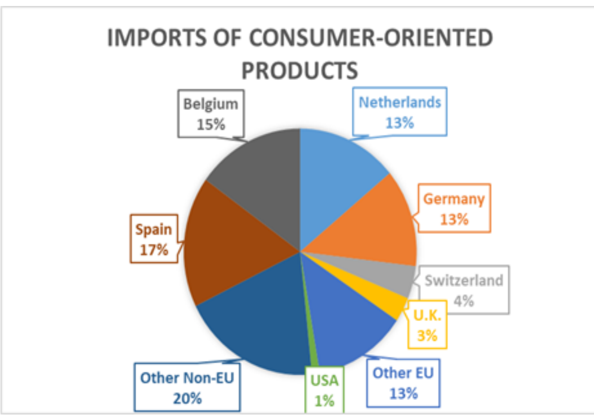
Market Fact Sheet: France

EXECUTIVE SUMMARY

With a gross domestic product (GDP) of approximately $3.06 trillion in 2019, France is the world's seventh largest industrialized economy and the Europe's third largest economy after Germany and the United Kingdom. It has substantial agricultural resources and maintains a strong manufacturing sector. France's dynamic services sector accounts for an increasing share of economic activity and has been responsible for most job creation in recent years. France is a member of the G-8 and G-20, the European Union, the World Trade Organization, and the OECD.

IMPORTS OF CONSUMER-ORIENTED PRODUCTS

Primary imports from outside the EU were oilseeds, fruits, and distilled alcohols from the United States and China. Imports from the EU were primarily dairy, meat, and vegetables. In 2018, the trade balance for France's agricultural and food products reached $18.9 billion. France's exports to the U.S. in 2019 were valued at $6.6 billion, led by wine and spirits.



FOOD PROCESSING INDUSTRY

In 2018 France had 17,650 food processing companies with sales of $212 billion. The value of processed food imports increased by 0.8 percent last year. Exports in the food industry sector are ahead of other leading industrial sectors, which places France's food industry among the top three in the world. In 2019, the French food processing sector represented 1.8 percent of the gross domestic product (GDP).

FOOD RETAIL INDUSTRY

In 2019, sales of hyper-supermarket and large discounters represented 75 percent of the country's retail food market. Different types of retailers have experienced growth and success over the last eighteen months and the largest French retailers continued investing in smaller stores in city centers. The overall retail food sales in France were estimated at $366 billion, and specialized food stores such as frozen food stores, organics and open-air markets had sales of $27 billion.

Quick Facts CY 2019

Imports of Consumer-Oriented Products (USD million)
43**

List of Top 10 Growth Products in Host Country
1) Almonds 2) Pet food 3) Pistachios 4) Grapefruit
5) Wine 6) Peanuts 7) Food preparations 8) Beer
9) Sweet Potatoes10) Sauces and seasonings

Food Industry by Channels (USD billion)

Food Industry Output	212
Food Exports	27.3
Food Imports	8.4
Retail	366
Food Service	66

Top 10 Host Country Retailers
1. Carrefour
2. Auchan
3. E. Leckerc
4. ITM Entreprises
5. Casino
6. Systeme U
7. Lidl
8. Cora
9. Aldi
10. Schiever

GDP/Population
Population (millions): 67.2
GDP (billions USD): 2.71
GDP per capita (USD): 40,381

**This figure does not include U.S. products exported to France transshipped through other EU countries. This would double the figure.

Strengths/Weaknesses/Opportunities/Challenges	
Strengths	**Weaknesses**
France is one of the biggest markets in Europe with high-income levels.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners, such as Canada.
Opportunities	**Threats**
A large, well-developed food-processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to France complicated.

Data and Information Sources:
INSEE, Trade Data Monitor, Linéaires, French Customs
Note: At an aggregate level 2019 statistics are available for trade. For production and more detailed product figures, 2018 is the most recent data available.

Contact: FAS Paris, France
AgParis@fas.usda.gov

COVID-19 IMPACT ON SECTOR

The information in this report was compiled before the Covid-19 health crisis and does not reflect all details of the current economic situation that is under significant strain due to the on-going pandemic. We do not have detailed figures as to the current situation, but rather trends. The strict national confinement in spring 2020 plunged the country into recession. GDP is estimated to fall by 6 percent for 2020, making it the worst recession since World War II. According to the French Ministry of the Economy, the public deficit will reach 7.6 percent of GDP and the public debt will grow to 112 percent of GDP in 2020. The World Trade Organization predicts a drop in world trade between 13 percent and 32 percent in 2020.

Among the food sectors, the food service is the one most affected by the pandemic. Between March 15 and June 2, the abrupt closure to prevent the spread of the virus of cafes, restaurants, caterers dealt a severe blow not only to this economic sector but to the entire profession. Restaurants and the hotel sector have suffered, leading to declining opportunities to chefs. September will be critical for food service industry professionals as they rely on business clientele who have downsized events and the continuing restriction on tourism. The summer season, although short, was better than expected because French spend vacations within the country. A French food service trade group estimates 15 percent of cafes, hotels, restaurants and nightclubs will go bankrupt by end of 2020 which would mean a loss of 200,000 jobs.

Food nationalism is growing with messages of Buy French popular among government officials and the media. French President Macron's recent speeches have highlighted the need for food sovereignty at the French and EU level. However, France relies on exports of agricultural products and enjoys a large surplus in their trade balance with exports such as wine and wheat where it is the leading EU exporter. Therefore, it is unlikely France will be able to close the borders while continuing to promote their exports.

I. MARKET SUMMARY

France's Hotel, Restaurant, and Institutional (HRI) sector recorded $90 billion in sales revenue in 2019, a 1.7 percent increase from the previous year. The overall French food service industry is comprised of approximately 300,000 registered companies, including over 120,000 independent and small family-owned restaurants. Hotel and restaurants account for the largest share of the sector with $64.2 billion in sales (71percent of the HRI sector) and institutional food service accounted for $25.8 billion (29 percent of the sector).

France's HRI sector is comprised of:

● *Hotels and Restaurants:*

This includes traditional restaurants (either privately-owned or chains), hotels and resorts with restaurants, leisure parks, cafeterias, cafes, brasseries, fast food outlets including street vendors, and delivered catering.

● *Institutions:*

Institutional catering and meal provision include education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering.

The HRI sector is highly developed, with a wide range of establishments offering diverse choices. Most large restaurants, including chains offer local cuisine and use imported products only if local alternatives are not available. Restaurants in France that serve international cuisine are more likely to use imported food products. However, niche opportunities for U.S. suppliers exist for a range of diverse products, such as fish/seafood, exotic meats, sauces, salad dressings, rice, wine, fruit juices and frozen ethnic/regionally focussed food service meals.

Trends and development for commercial catering includes a focus on healthy food, ease in preparation, and use of digital technology for ordering and delivering. Sandwich and bakery products in institutions remain popular and demand for breakfast catering is increasing.

Strengths/Weaknesses/Opportunities/Challenges

Strengths/Weaknesses	Opportunities/Challenges
The HRI sector is growing. France is the number one tourist destination worldwide.	Domestic and intra-EU products supply a high proportion of French food and beverages needs.
Growing demand for fast food mainly during lunchtime. Suppliers may find a niche such as soups, fruit juices, and sodas.	Due to economic situation, future growth in fast food sector will necessitate outlets development strategies.
Despite decreasing purchasing power, household budget spent on food purchases remains relatively high.	Reduced spending by some due to price-conscious consumers.
Weakness of the U.S. dollar vis-a-vis the Euro benefits U.S. products	Price competition is fierce among suppliers.
Decreasing European and French fish/seafood supply. France is Europe’s leading beef consumer, primarily for natural and lean meat.	Suppliers must comply with European and French regulations such as food safety, logistical constraints, labelling regulations, and ban on hormone beef
Consumers demand, innovative, healthy and reasonably priced products	U.S. suppliers must adapt products and prices to consumers’ tastes and expectations
American type fast foods and American style meals dinners, as well as regional cuisine, like BBQ and Cajun remain quite popular in France.	U.S. suppliers to comply with European and French regulations as certain food ingredients are banned or restricted from the market

II. ROAD MAP FOR MARKET STRATEGY

1. The Distribution Channel

U.S. products can enter into the French market through several channels. The appropriate channel depends on the type of product, and target consumer. In general, most companies will import through one of the following:

▪ **Option 1: Cash & Carry**. Wholesalers display a wide selection of food and non-food products in large stores. They sell to food retailers, 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 more than 75 percent of wholesale sector sales.

▪ **Option 2: Specialized Distributors/Wholesalers.** They are specialized in 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.

▪ **Option 3**: Direct sale to an end-user is extremely rare and complicated and usually limited to high volume customers such as fast food chains and hotel chains. Although an exporter can engage in direct to end-user sales, it is advisable for the exporter to have local agents to handle the paperwork and licensing, as the process is complicated and requires regular trouble-shooting.

A distributor in France should be able to handle customs, quarantine, and any licensing procedures needed for the food product. A number of distributors will complete the necessary paperwork themselves, while others will use an import agent. For some products, multiple documents and certificates are compulsory. Post strongly advises U.S. exporters to work with the importer, the local import agent, distributor, and the end-user to make sure the products are in compliance with French and EU regulations and all proper documentation has been completed. For more on these regulations, please consult the FAIRS Report.

Major Specialized Distributors/Wholesalers for the Food Service Sector

Name of Wholesaler/Distributor	Specialization
Groupe Pomona (Privately Owned)	Fresh fruits and vegetables
Metro Cash & Carry France	All fresh and frozen foods
Transgourmet (group Coop & Rewe, Swiss and German groups)	All fresh and frozen foods, including seafood and meat as well as frozen food (Prodirest)
France Frais	Fresh fruits and vegetables
C10	Beverages including wines
Distri boissons	Beverages including wines
Sysco France (merge of Davigel and Brake France)	Frozen food and seafood
Martin Brower France	All foods including frozen specialized fast foods
Demarne Freres (privately owned)	Fresh/chilled and frozen fish and seafood
Francap Distribution (group of independents)	Buying office and wholesaler for small supermarkets and restaurants

Source : Neo-Restauration Magazine

2. *Tailoring to the Market*

Educating French consumers about your food product is important. Education can include everything from showing distributors how to handle the product, demonstrating how to prepare the food product, and showing how the product can be served. Suppliers should ensure that catalogues, recipes, and handling instructions are in French. HRI promotions (e.g., chef demonstrations, menu promotions, kitchen takeovers) are an effective tool to inform the end-user about the product. Some tips for food product exporters for the HRI market are:

- Take time to study the market. It is critical to understand the target consumer and prospective clients before you enter the market.

- Verify the price competitiveness of the product compared to local and other imported products; check EU and French food safety requirements as well as customs, clearance requirements and any additional import charges based on sugar, milk, fat and starch content.
- Recognize the opportunity of promoting your products during locally celebrated holidays, and festivals.
  Be prepared to tell the story of your product. Consumers in France are looking for authentic products and value information about what they are consuming. Information on the source of the product is important. Organic products continue to be very popular.

3. *Trade Shows in France*

The U.S. Department of Agriculture has one endorsed trade show in France the International Food Show (SIAL). SIAL takes place every two years in Paris and will be held again in October 2022. However, for the hospitality, restaurant, catering and food service industries, the leading international event is SIRHA (Salon International de la Restauration, de l'Hotellerie et de l'Alimentation) which takes place in Lyon every two years. The next SIRHA is May 30 - June 2, 2021 Please click this link for other trade shows featuring food and agricultural products in France.

4. *Distributon and Sector Profiles*

Hotels and Resorts:
As per INSEE, a French government economic agency, noted France was the number one worldwide tourist destination in 2019 with about 87 million visitors. On average, food service operations in hotels and resorts account for over 25 percent of hotel revenue. In general, most of the French do not frequent hotels for their restaurants, except for dinner when travelling, with the exception of a small number of luxury hotels with well-known restaurants. Famous guides such as "Michelin" or "Gault & Millau" that rate these restaurants that are an important tool in France's hotel and restaurant sector. Most of the restaurants in hotels buy food through cash & carry channels or specialized wholesalers. Imported food products are often preferred by international hotels because the hotels cater to a diverse international clientele.

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, All Seasons, Pullman, Thalassa Sea & Spa, Adagio, The Sebel, MGallery)	Importers/wholesalers/direct or cash & carry
Groupe Louvre Hotels	French	(Premiere Classe, Campanile, Kyriad, Tulip In, Golden Tulip, Royal Tulip)	Importers/wholesalers/direct or cash & carry
The Intercontinental Hotels Group	Multinational (Headquarters in the U.K.)	(IHG Intercontinental, Crowne Plaza, Holiday Inn, Hua Luxe, Hotel Indigo, Even Hotels, Staybridge, Candlewood Suites)	Importers/wholesalers/direct or cash & carry

Restaurants:

Geographically large and regionally diverse, France has distinct local and regional food and flavor preferences. While restaurants serving local cuisines continue to dominate the market, ethnic cuisines are increasingly popular, especially in large cities. An increasing number specialize in cuisine from Asia, Africa, and the United States. In general, non-chained establishments source ingredients from local retailers and markets.

Important facts:

- The economic recovery, and the absence of terrorist attacks, contributed to boost the sector prior to the pandemic. In 2019, the household disposable income increased 3.2 percent against 2.7 percent in 2018. However, perspectives for 2020 are not optimistic and after the world coronavirus crisis, the French Government (GOF) expects the economy to shrink at least 8 percent in 2020 and even with the stimulus package launched by GOF it is expected a lot of firms (including hotels and restaurants) to close.
- Restaurants are highlighting product of origin and homemade as a marketing tool.
- Bakery shops continue to be popular both in large and medium cities and contribute to the dynamism of the food service sector. In 2019, new stores with new concepts continued to open to offer a hybrid solution between the fast food and theme restaurants with healthy, convenient food, including 100 percent vegetarian and vegan sources.

Institutional Food Service:

Traditionally, institutional food service in France is primarily for hospitals, nursing homes, army, prisons, schools, office complexes, and transportation (i.e., trains, air and sea). The majority of institutional food service providers are small in scale. International institutional catering groups take only a small share in the market. As per trade sources, the institutional food service sector reached $25.8 billion in revenue in 2019, or about 29 percent of the entire HRI industry. However, the sector is facing many challenges such as sanitary, administrative, technical and logistical constraints.

Major operators from the institutional catering sector buy through central buying offices to ensure that all sanitary and health requirements are met. These central buying offices negotiate with potential suppliers based on specific requirements. The selection of suppliers is primarily based on price over quality.

III. BEST PRODUCT PROSPECTS CATEGORIES

Contacts with the HRI food service responsible confirm that U.S. food exporters should select top quality products for exports to France. U.S. foods have a high and consistent quality image; however, it is difficult for most U.S. food products to compete with French domestic products on price in the HRI market. Suppliers should target niche as well as regional markets.

Food Trends: Fast-Good/Fast-Casual

France is traditionally not associated with fast food, instead the country is more known for its gastronomy. However, fast food popularity is increasing rapidly, and France represents roughly ten percent of the global market for fast food and future growth is expected. The number of French consumers who want to eat quickly but well is increasing. In addition to hamburgers, pizzas and fries, there is a range of pasta salads, sushi, balanced sandwiches, other wraps and buddha bowls. French consumers demand fast food, healthier and sometimes even organic, local and seasonal. This is called fast-good or fast-casual. The popularity of food trucks is consistent with this trend. Here we find increasingly diverse food choices such as veggie, vegan, gluten-free, lactose-free, etc and the desire for new creative and healthy options. In return, consumers are willing to pay a higher price than in traditional fast-food restaurants.

In both traditional restaurant and fast food segments, there is a growing interest in healthy products and vegetables. This is an opportunity for U.S. super foods products with strong nutritious value such as cranberry or nuts, gluten-free products, and organics. Although, 50 percent of French consumers have already reduced their consumption of meat in the last two years, they prefer premium quality when they do consume meat. Transparency is also very important for consumers. They want to know the origin of the products, learn about the quality labels, and want to know how the products are processed.

Several trends from the United States are popular in France include regional U.S. cuisine such as Tex Mex food, such as in the restaurants “Pepperico” and “Paris Texas”, many Cajun restaurants, and Texas-style BBQ, such as the restaurant chain “Melt”.

Best Opportunities:

- Fish and seafood
- Beef and bison meat
- Fruits and vegetables
- Frozen desserts (such as cakes and ice creams)
- Ready-to-eat meals and ethnic/regional sides or meals
- Fruit juices and soft drinks (including flavoured spring waters)
- Dried fruits and nuts
- Fresh fruits including grapefruits and exotic fruits, and vegetables
- Snack foods
- Soups
- Breakfast cereals
- Pulses
- Salad dressings and tomato sauce
- Spices

IV. COMPETITION

Domestic food and beverage products dominate the French HRI sector. Seventy-five percent of imports originate from EU member countries. The table below shows the sources of imported food and beverages:

Exhibit 1: Competition Chart

Product	Total Import Market Size, 2019 (In Billion Dollars)	Foreign Major Suppliers Market Share in 2019	Market Summary
Fish and Seafood	5.3	Norway (15%), United Kingdom (14%), Spain (6%), China (4%), and USA (4.3%)	Norway and U.K. are both very price competitive and able to supply the fish and seafood varieties demanded by local consumers. The United States mainly supplies frozen pollock, cod, scallops and salmon
Sauces, Salad Dressings and Seasonings	2.8	EU countries (59%), Switzerland (8%) and USA (3%)	Price competitive and no custom duties for EU suppliers. However, the U.S. is able to supply a variety of ethnic/regional sauces.
Canned Fruits and Vegetables	4.2	West and Eastern Europe (62%), Morocco (19%)	Price competitive. No duties for EU imports.
Bison Meat	N/A	Canada, USA	Although France produces some bison meat, Canada remains the major supplier. U.S. bison meat is less price competitive than the Canadian meat.
Wine and Beer	1.7	Italy (11%), Spain (18%), Portugal (7%) and New World wines (6%) including USA (5%)	Price competitive since no duties inside the EU. Desire for new products create opportunities for US wines.
Fruit Juices	1.2	Spain (18%), Brazil (12%), and the USA (0.6%)	Lower prices from Brazil and Spain. However, Florida juices have a strong posture reputation.
Ethnic Foods	N/A	China, Japan, India, Africa, USA	Rising sales of Tex-Mex products. Opportunities exist for other U.S./regional cuisines, such as Cajun.
Ready-to-Eat Meals	N/A	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	5.8	Spain (31%), Israel (9%), Turkey (4%), Morocco (5%) and USA (4%)	Lower prices from key supply countries. However, U.S. products dominate in almonds and pistachios.
Fresh Fruits (including grapefruits and exotic fruits)	1.3	Spain (18%), Brazil (12%), Italy (6%), and USA (0.6%)	Preference is given to EU suppliers and neighborhood countries having special tariff rates. However, Florida grapefruit is a market favourite.
Rice	0.5	Cambodia (13%), Thailand (13%), India (6%), and USA (0.6%)	India and Thailand offer quality and low-price products. The U.S. mostly exports brown rice. Biotech testing is a constraint.

N/A: Not Available
Source: Trade Sources and Global Trade Atlas/French Customs

V. POST CONTACT AND FURTHER INFORMATION

For further information contact:

Office of Agricultural Affairs
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08
Tel: (33-1) 43 12 2245
Fax: (33-1) 43 12 2662
Email: agparis@fas.usda.gov
Homepage: http://www.usda-france.fr

For information on exporting U.S. food products to France, visit our home page.

Attachments:

No Attachments