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France

Food Service - Hotel Restaurant Institutional

Annual

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Report Highlights:
The food service sector has been heavily impacted by the economic situation since 2008, and has not yet fully recovered. This has also shifted the structure of the sector, pushing consumers toward lower cost meal and snack alternatives, such as fast food, coffee shops, and other chains – this at the expense of traditional small "bistro and brasserie" operators. It also reflects changes in snacking habits and preference for cheap, fast, and healthy meals. Traditional and independent restaurants and cafes are losing price-conscious consumers.

The relatively strong euro/dollar rate has been very beneficial to U.S. exporters in the HRI sector. Best prospects for U.S. suppliers targeting the HRI sector are fish and seafood, hormone-free high quality beef, frozen foods including desserts, fruit juices and sodas, quality wines, salad dressings, sauces, spices, tex-mex products, kosher, organic and halal products, rice, and dried vegetables.

Post:
Paris

Author Defined:
Note: Exchange rates used in this report are as follows:
Calendar Year 2008: US Dollar 1 = 0.60 Euros
Calendar Year 2009: US Dollar 1 = 0.72 Euros
Calendar Year 2010: US Dollar 1 = 0.75 Euros
Calendar Year 2011: US Dollar 1 = 0.72 Euros
(Source: the Federal Reserve Bank of New York and/or the International Monetary Fund)

SECTION1. MARKET SUMMARY

1. France in Profile

With a total area of 551,000 square kilometers, excluding overseas departments and territories, France is the largest country in Western Europe. With 65 million inhabitants in 2010, the French National Institute for Statistics (INSEE) estimated the GDP at $2,555 billion and a per capita gross domestic product of $41,130 per habitant. In 2010, France is the fifth worldwide economic power, and with a value of $191.5 billion, the food Industry is the first industry in France far ahead from the car industry.

Beginning in the fall of 2008, consumers began reducing spending due to the economic contraction, including in the foodservice sector. The year 2009 did not begin well with huge drops in categories such as cafés/bars and full-service restaurants during the first months of the year. In July 2009, the reduction of the Value Added Tax (VAT) from 19.9 percent to 5.5 percent for restaurant purchases contributed to a marginal improvement of the number of consumers dining outside the home and likely reduced the drop in foodservice sales over the whole year. Price-conscious consumers were attracted by the cheaper foodservice outlets and favored lower prices and informal offers of fast food restaurants, 100 percent home delivery/takeaway as well as street stalls/kiosks at the expense of full-service restaurants and cafés/bars. While convenience was a major route to success, two other selling points in 2009 were healthy meals and originality. First, there were some healthier balanced meals in burger, chicken, and bakery products fast food restaurants. Successful, fast, casual dining chains such as Cojean, Jour, or Exki provide naturally healthy, flavorsome and various offerings in stylish locations, with above average, but still accessible prices. Despite their attachment to local products, consumers became increasingly open to foreign/ethnic concepts in 2009, including Japanese, Thai, and Latin-American outlets. They also enjoyed North American full-service restaurants and specialty coffee shops.

2. Food Service Sector

According to Euromonitor sources, the consumer foodservice sector is fragmented, with independent domestic operators dominating outlets and sales. They are notably present in cafés/bars, full-service restaurants, bakeries, and fast food. The undisputed overall leader was McDonald's France in 2009. Despite an already well-established presence in the country, it continued growth, due to a progressive shift towards sustainability, promotional operations, discounts, and the success of its in-store McCafé. Other notable successful brands were Subway, KFC, Mezzo di Pasta, and La Pataterie. They have some points in common, such as accessible prices and a strong focus on franchising that enabled them to open many outlets towards the end of the review period.

Independent outlets continued to account for almost the three quarters of overall value sales in 2009. They benefited from a strong knowledge of the local economy as well as their clients and often had a better quality image than their counterparts. This image is changing however, as numerous chains, supported by well capitalized companies are developing with a local vibe, an accent on quality, and innovations in terms of products and services. During the economic crisis, French consumers perceived chains as better value for their money. The chains offered value-added products such as gifts and services to attract loyal customers. This was particularly true in the second half of 2009, when most chains passed the savings of the reduced VAT to their customers, and reduced their pricing while "independent outlets did not play the game."

Consumers are looking to reduce their household expenditures in some areas, including consumer foodservice. In 2011 traffic and transactions are expected to remain at lower levels in consumer foodservice. In order to save money, some consumers would increasingly prefer to purchase their lunch from fast food outlets and street stalls/kiosks rather than from full-service restaurants. In fact, in 1960 only 4 percent of the consumers had meals away from home, the rate grew up to 14 percent in 2000, and the percentage should reach 20 percent in 2020.

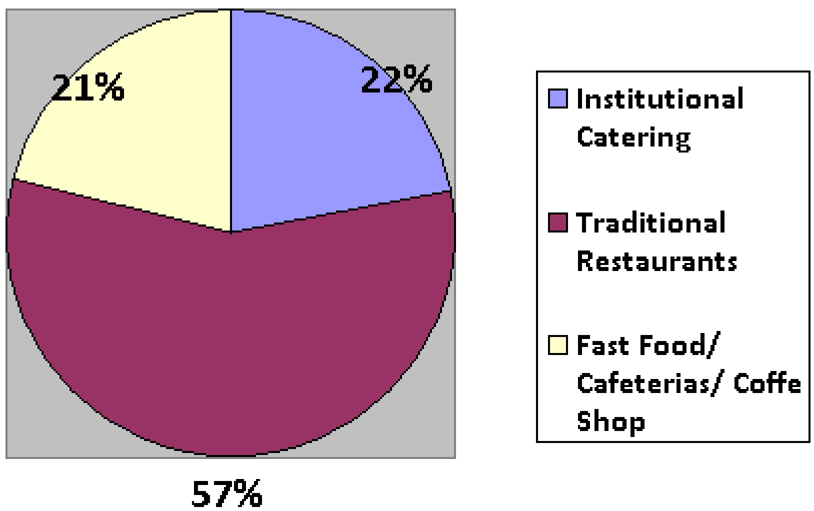
Overall sales in the hotel, restaurant and institution (HRI) sector have steadily grown over the past five years, rising from $85.8 billion in 2004 to $119.2 billion in 2009 (Trade source estimates).

Best prospects for U.S. suppliers targeting the HRI sector are fish and seafood, hormone-free high quality beef, frozen foods including desserts, fruit juices and sodas, quality wines, salad dressings, sauces, spices, rice, and dried vegetables.

The HRI sector consists of two sub-sectors:

- Commercial Catering: Seventy-eight percent of the HRI sector, by sales - include traditional restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, fast food outlets, and street vendors. Sales by traditional restaurants represented 57 percent of the sector; sales by fast food, cafeteria, cafe and brasserie outlets represented 21 percent.

- Institutional Catering: Twenty-two percent of the HRI sector, by sales - include education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering. In 2009, sales totaled $23.6 billion with circa 4.8 billion meals served.



Food Service Market Share

Commercial Catering:
The attendance in commercial catering establishments in 2009 ended down 1.2 percent over the previous year, primarily impacted by the first half. A leading foodservice director commented that: "This finding is even more negative than 2008 -- not very dynamic (Plus 0.3 percent versus 2007 visits)". In 2009, France continued along the same lines as in 2008 further reducing their visits to commercial catering.

Institutional Catering:

In 2009, sales increased by 7.7 percent compared to the previous year. Economic woes encouraged workers to frequent company-provided cafeterias for low-cost meals. The requirements of feeding an aging population, either in institutions or through home-delivered meals kept institutional cater demand strong. Operators remained confident despite a fiercely competitive environment with vigorous price negotiations. This sector is expected to continue its growth trend. Education (at schools, universities) and business catering sectors are growing more slowly than the healthcare and hospital sectors.

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

Advantages/Opportunities	Challenges
The HRI sector growth trend	Domestic and intra-EU products supply a high proportion of French food and beverages needs.
Growing demand for fast food mainly at lunch time; suppliers may find a niche (soups, fruit juices, sodas, etc.)	Rate of growth in fast food sector may be short-lived
High proportion of the household budget spent on food purchases	Reduced consumer budget due to price-conscious consumers
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	Fierce competition places enormous pressure on suppliers
France is Europe's leading meat consumer, primarily for natural and lean meat. Increased quota for non-hormone beef imports enlarges market opportunities	Suppliers must comply with European and French regulations such as food safety, logistical constraints, labeling regulations, and ban on beef produced with growth promoting hormones
Consumers demand quality, innovative, healthy and reasonably priced products	U.S. suppliers must adapt products and prices to consumers' tastes and

	expectations
U.S. fast food chains, theme restaurants, and the food processing industry are raising demand for food ingredients	Certain food ingredients are banned or restricted from the market

3.1 Commercial Catering

In 2009, trade sources valued the commercial catering sector at $90 billion with about 5.7 billion meals served annually. This sector consists of:

- Traditional restaurants, including chains - This includes individual proprietor restaurants, multi-restaurant companies, and large corporations, which represent nearly 57 percent of the commercial catering sector. A large number of restaurants in and around Paris, and in other major French cities, are medium/high end restaurants serving a wide range of traditional food, although an increasing number specialize in cuisine from Asia, Africa, India, and the United States. As the downsizing of the VAT is not straightforward for many smaller independent outlets, it is expected that lower prices will take longer to appear on the menu and some outlets will only be able to apply the new measures in 2011. Consumers concerned about their purchasing power will favor fast food, home delivery/take away.
  That said sales of food services and drinking places are still up 4.4% since January 2010 although the price of restaurant meals to be increased by 2.7%.

- Cafeterias, Cafes and Brasseries are operated by individual proprietors, companies or large corporations. The situation is worse in cafes/bars which are predicted to see an overall constant value decline 13 percent, despite the dynamism of the niche of specialist coffee shops and smoothie/juice bars. Other cafes/bars will suffer from the competition from more convenient formats in consumer service. Cafes and bars still have a reputation linked with tobacco and alcohol, and are losing their image of conviviality according to the Euromonitor.
  Benoit Cauffet, Manager at the French food importer/distribution company Foodex, seems to be more optimistic about their future. According to him, within 2 years, France will attend a revival of the US type of restaurant, more family oriented and especially with more products that suits the authenticity so sought by French consumers while maintaining the idea of a fast food based on the concept of neo-snacking booming. In this regard, Benoit Cauffet told us that Bagels, original and healthy products, yet more authentic than the panini or Kebab could, he said, fully meet this demand of alliance between authenticity (handmade) and fast food.

- Fast food outlets, including street vendors represent the most dynamic and promising sector with a growth estimated at 4 to 8 percent in 2009. Operated by companies and large corporations, these outlets represent 37 percent of the commercial catering. 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. Most U.S.-style fast food restaurants procure food inputs in France and Europe. For example, 95 percent of McDonald's food purchases for its French restaurants are made in Europe.

  The growth of this sector is partly due to the new enthusiasm for snacking. The demand for prepared meals on take away has registered a strong growth. In fact, in the food service the growing sales are essentially confined in the snacking and in the fast food restaurants. Seventy percent of sales are with the traditional sandwich with 'baguette', nevertheless the demand for complete healthy and cheap meals is growing. French consumers are more price-conscious. Many consumers prefer having a snack break, shorter than a meal in a traditional seated restaurant. The goal is to eat faster, cheaper and more practically. In 2010, fast food segment represented 40% of away from home food service sales and its turnover came to 31.2 billion Euros. In regards to the average sale, there is a rise from 4.30 Euros ($5.97) in 2007 to 4.50 Euros ($6.29) in 2009. Sales of sandwiches only reached $2.7 billion.

  The term 'fast food' has a bad connotation in France. It recalls fat and "junk" hamburger food. Conscious of the consumer demand for healthy/dietetic/organic products and balanced meals, the fast food chains have re-invented the composition of their menus. Communication campaigns for the major food service group reflect this change. McDonald's France has abandoned its typical red and yellow colors for green, as it wants to be positioned as an exemplary actor in promoting and adhering to sustainable development.

- Delivered catering, including ethnic (e.g. sushi) - A competitive sector operated by companies and large corporations, this growing segment of commercial catering is comprised generally of the meal delivery (mainly to companies) and pizza delivery (mainly to households). Sushi Shop, the French leader in sushi delivery, doubled its sales in 2009 reaching $58 million and continues to invest in neighboring countries and in 2010; it rose by 41.7% over a year. Ethnic restaurants that notably capitalize on cooking in front of customers, on conviviality, exoticism such as Tex-Mex, tapas, wok and sushi should forge ahead.

- Hotels and resorts with restaurants – These establishments are operated by individual proprietors, companies or large corporations and account for 6 percent of the commercial catering market with over 17,500 restaurants. In general, most of 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 wide range of traditional or ethnic foods.

Leisure parks - France has about 90 leisure parks, three world-class (Disneyland Resorts Paris, Parc Asterix and Futuroscope). Disneyland Resorts Paris has about 15 million visitors annually. Disneyland represents the first French restaurant owner with 68 restaurants (Bars, buffeterias, etc) with various themes of food, 54.7 million of meals served per year which means 150 000 meals served per day. Disneyland Resorts Paris has its own central buying office, "Convergence Achats."

Asterix, a French history themed park, is the second largest leisure park in France and serves about two million meals yearly. Asterix serves only traditional and neo-traditional French food. The third largest is Futuroscope serving approximately one million meals per year.

3.2 Company Profiles

The table below provides information on leaders in the French commercial catering sector:

Please note that several food service companies are specialized in different food service sectors that explain why their names appear in several tables below.

Leaders in the Commercial Catering Sector in France
Calendar Year 2010

Rank	Groups	2010 Sales (In Million $)	Sales percent Change 2009/2010	Number of Outlets
1	McDonald's France	3900	+7.69	1195
2	Agapes Restauration	880	+7.05	454
3	France Quick SAS	811.9	+9.78	371
4	Elior	646.1	+11.05	776
5	Groupe Flo	570.8	+8.02	280

6	Buffalo Grill	550.3	+10.96	327
7	Le Duff	504.1	+13.05	437
8	Servair	501	-4.39	11
9	Casino Restauration	223.9	+1.88	287
10	Yum! Brands	320	+23.44	118
11	Holder	307	+5.34	342
12	Bertrand OB Holding	280	+47.11	320
13	Autogrill	271.2	+9.11	462
14	Serare SAS	260	+7.08	222
15	Sodexo Group	181	+1.44	N/A
16	SSP	143.2	+8.59	150
17	La Mie Caline	132.2	+4.01	201
18	Domino's Pizza France	121.9	+14.11	180
19	Cora	117.6	+1.45	N/A
20	PJB Holding	113.7	-0.26	26
21	Leon de Bruxelles	105.9	+11.33	54

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

Commercial Catering in France: Leading Groups and Brands Calendar Year 2010

Groups	**Brands**
McDonald's France	McDonald's
Agapes Restauration	Flunch, Pizza Pai, Amarine, Les 3 Brasseurs, Sogood cafe, Pizza Pai Kiosque, Il Ristorante
France Quick SAS	Quick
Elior	Marques propres, Phileas, Archem, Roc france, franchises
Groupe Flo	Hippopotamus, Bistrot Romain, brasseries, concessions Flo, Tablapizza, Tavernes de Maitre Kantrer
Buffalo Grill	Buffalo Grill
Le Duff	Hippopotamus, Bistrot Romain, brasseries, concessions Flo, Tablapizza, Tavernes de Maitre Kantrer
Servair	Cafeterias Casino, Cœurs de ble, Bars, Saveurs d'Evenements, Villa Plancha
Casino Restauration	Cafeterias Casino, Cœurs de ble, Bars, Saveurs d'Evenements, Villa Plancha

Yum! Brands	KFC
Holder	Paul
Bertrand OB Holding	Le printemps, Jardin d'acclimatation, Hôtel Sully, Angelina, Lipp, franchises Quick, Bert's, Viaggio, Bars&Co
Autogrill	Autogrill Relais, Cote France, Spizzico, le Petit Cafe
Serare SAS	Courtepaille
Sodexo Group	Sodexo Prestige, l'Affiche, les bateaux parisiens
SSP	Bonne Journée, Café Select, Scappucci, Upper Crust
La Mie Caline	La Mie Caline
Domino's Pizza France	Domino's pizza
Cora	Cafétérias Cora
PJB Holding	Brasseries, Chez Clément, Le grand B
Léon de Bruxelles	Léon de Bruxelles

Source: Neo-Restauration Magazine

Major Fast Food Segment in France, including pizzas, in Calendar Year 2009

***Major French Fast Food including pizzas* ups**	**Number of Restaurants**	**Sales in 2009 (In Million $)**	**% Sales Increase 2008/2009**
McDonald's France	1,161	5,000	+9.09
France Quick	470	1,291	+ 26.6
Yum	200	611	+46.67
Flunch, Pizza Pai, 3 Brasseurs, Amarine, Sogood Cafe, Il Ristorante (Agapes Restauration)	445	1,136	+ 5.28
Hippopotamus, Bistro Romain, brasseries concessions Flo, Tablapizza (Groupe Flo)	285	729	+2.44
Pizza Hut, KFC (Yum Brands)	200	611	+46.67
Paul, St Preux (Groupe Holder)	322	404	+ 4.65
La Station Sandwich, Pomme de Pain, Aubepain, Cafe Route, Phileas, Paul (Groupe Elior)	798	798	+ 3.92
Brioche Doree, Le Fournil de Pierre Caffe Del Arte, Pizza Del	463	609	+ 11.02

Arte (Groupe Le Duff)			
Bonne Journee, Cafe Ritazza, Upper Crust, Café Select (SSP)	N/A	271	+ 0.80
Sodexo Prestige, l'Affiche, les Bateaux Parisiens (Sodexo Groupe)	N/A	248	+ 0.79
La Mie Caline (La Mie Caline)	191	176	+3.17
Domino's Pizza	156	145	+16.85
Ciao, Spizzico, Burger King, La Galleria, Cote France, Relais, Pain a la ligne …(Autogrill)	508	342	+ 3.05

Source : Neo-Restauration Magazine

SECTION II. ROAD MAP FOR MARKET STRATEGY

A. ENTRY STRATEGY

Most large restaurant businesses, including chains, offer local cuisine and use imported products only if local alternatives cannot be found. Niche opportunities for U.S. suppliers exist for a range of diverse products, such as the following: 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.

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. Exporters should also consider the following in formulating their entry strategy:

- Check EU and French regulations, e.g., hormone-free meat, biotech regulations, and carefully verify the acceptability of each product's ingredients and additives. For information on EU regulations, visit the following website: http://www.useu.be.
  Note that French consumers are said not to be very receptive to products of agricultural biotechnology. In addition, the allowable low level presence level for EU-approved biotechnology events is set at 0.9 percent. Above this level, all products must be labeled as containing biotechnology (GMO in EU parlance). Such products are generally not marketed at the retail level in France. The same applies for the food service industry. The Fraud Control Office (DGCCRF) of the French Ministry of Economy, Finance and Industry is the French enforcing authority. For more details on EU regulations, see GAIN Reports E57011, and on France's implementation, see Paris Annual Biotechnology report FR9043.

- Check EU and French food safety requirements.
- 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 that can promote and distribute U.S. products to restaurants that order small volumes on a regular basis.

B. MARKET STRUCTURE

1. Distribution Channels

Some restaurant chains have their own central buying offices, but most, including traditional restaurants, as well as hotels and resorts, buy 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, 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 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

Source: Neo-Restauration Magazine

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 Seasonsl)	Importers/wholesalers/ direct or cash & carry
Envergure (Louvre Hotels)	French	(Campanile, Kyriad Prestige, Kyriad, Premiere Classe)	Importers/wholesalers/ direct or cash & carry
The Intercontinental Hotels Group	U.K.	(Holiday Inn, Express Holiday Inn, IHG InterContinental)	Importers/wholesalers/ direct or cash & carry
Choice Hotels	U.S.	(Clarion, Comfort, Quality)	Importers/wholesalers/ direct or cash & carry

Source : La Revue HRC (hotel, restaurant, cafe)

2. Institutional Catering

In 2010, close to 33 percent of the private companies or institutions had a contract with a catering company. The institutional catering sector represents 22 percent of the HRI market and records 72,750 restaurants with a total sale estimated at $23.6 billion. Considering that 56 percent of the meals are taken outside home, the institutional catering is shared by the company segment (8 percent), the health segment (39 percent), the school segment (38 percent), and the other institutional authorities (15 percent). This sector contracts 276,612 employees in total including 72,000 cooks. It includes:

- Contract Catering Businesses
  This includes company restaurants, schools and universities, hospitals, nursing and retirement homes and is dominated by specialized companies such as Sodexho, Elior and Compass.   In 2009, operators have to face changing consumer habits and the strong appeal of commercial catering (faster service, with complete menu and more affordable prices). The catering companies also had

to adapt to the difficult economic situation and to the site closure of many companies. Finally, in order to remain competitive, the operators had to make progress in respecting a moderate price offer without sacrificing the quality. Catering companies operating in the administrations have suffered less than the one working in the private sector. Another point to be highlighted is the drop of complementary offers (room service, event, cocktails and receptions) this year due to the economic downturn.

- Concession Catering

  Concession catering includes transportation catering (highways, railway stations and airports), as well as in-town and leisure catering (museums, exhibition and sport centers). This segment is growing and gives good perspectives for the future.

  The Sodexho group is the largest company 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.

C. SUB-SECTOR PROFILES

The institutional catering sector in France has three major players Groupe Sodexho France, Elior, and Compass Group France (representing 84 percent market share), 14 medium-sized regional companies and 17 small companies. This sector had a medium growth of 5 percent since 2000, but increased 7.7 percent in 2009 compared to the previous year. The tables below reflect the major groups and businesses in the institutional catering sector.

Major Groups & Businesses in the Institutional Catering Sector, Calendar Year 2010

Rank	**Group/Firm**	**Total Sales in 2010 (In Million $)**	**Sales % Change 2010/2009**	**Number of Restaurants**	**Meals Served in 2010 (In Million)**
1	Group Sodexho France (*)	2172.87	+4.1	5648	352
2	Group Elior (**)	1662.10	+11.91	4072	303
3	Compass Group France (***)	1144	+1.60	2406	198
4	Group API	272.21	+12.20	1504	83
5	Groupe Ansamble	136	+1.95	557	35
6	Groupe Dupont Restauration	131.60	+2.95	433	N/A
7	Groupe Convivio	69.91	+8.63	182	21
8	Casino restauration - R2C	59.71	+21.64	93	8
9	Multi Restauration Services (MRS)	59.66	+8.49	128	9
10	Apetito France	43.30	+7.38	129	7

Sources: Trade and Neo-Restauration April 2010:

(*) Includes Sodexho, Sogeres, Group Score, RGC, La Normande, Siges.
(**) Includes Avenance, LRP, and Vivae
(***) Includes Eurest, Medirest, Scolarest, Regiself and Sorema

Major Companies in the Health and Elderly Care Segment

Based on the increasing number of elderly people, operators deploy their services in nursing homes. The health segment is experiencing tensions on prices. Small non-profitable structures give way to specialist operators. The population aged 75 and over will be multiplied by 2.5 between 2000 and 2040, to become more than 10 million people. Sodexho leads this sector with increased sales of 10.5 percent and 112 million meals served in 2009. The firm works to provide good nutrition for residents. The key to success is the development of targeted offers based on specific demand. Opportunities exist for U.S. suppliers of frozen foods, semi-prepared foods or sides, and prepared meals.

Rank	**Group/Firm**	**Total Sales in 2009 (In Million $)**	**% Change Sales 2008/2009**	**Meals Served in 2009 (In Million)**	**% Change Meals Served 2008/2009**
1	Sodexho France	868	+10.5	112	+12.6
2	Avenance (Elior Group)	N/A	N/A	63	+8.0
3	Medirest (Compass Group France)	N/A	N/A	48	-3.5
4	Group API	159	+14.5	36	+12.0
5	Sogeres (Sodexho)	133	+13.5	17	+9.2
6	Dupont Restauration	65	+8.1	10	+9.4
7	Ansamble	47	-0.2	8	-3.8

Source: Trade – Neo Restauration-April 2010
N/A: Not Available

Top Companies in the Education (School and University) Segment

At school the catering companies always integrate more organic products in the menus and concretely think about purchasing products from local/ regional suppliers. The question of having a balanced meal in school cafeterias, and the fight against obesity are becoming essential matters. Sustainable and organic foods are now considered a cornerstone of school diets. The goal of the French Government is to reach 15 percent organic products in school meals in 2010 and 20 percent in 2012. Although the catering companies are more and more present in elementary schools and high schools, they are also in colleges. Supplying food in universities and colleges will be a promising market for institutional catering.

Opportunities exist for U.S. suppliers of organic products.

Rank	Group/Firm	Total Sales in 2009 (In Million $)	% Change Sales 2008/2009	Meals Served in 2009 (In Million)	% Change Meals Served 2008/2009
1	Avenance (Elior Group)	N/A	N/A	133	-1.1
2	Sodexo France	397	+1.9	78	-1.8
3	Scolarest (Compass Group France)	N/A	N/A	57	-6.3
4	Sogeres et Score (Group Sodexho France)	195	+5.5	37	+5.1
5	Api	100	+8.0	29	+5.9
6	Ansamble	69	+4.8	17	-2.5
7	Dupont Restauration	56	+6.4	12	+9.7

Sources: Trade and Neo-Restauration April 2010
N/A: Not Available

Top Groups/Firms in the Company Catering Segment

During 2009, the 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 2009 (In Million $)	% Change Sales 2008/2009	Total Meals Served in 2009 (In Million)	% Changed Meals served 2008/2009
1	Avenance (Group Elior)	N/A	N/A	99	-2.3
2	Eurest (Compass	N/A	N/A	84	+4.4

	Group France)				
3	Sodexho France	766	+1.7	73	-1.0
4	Sogeres (Sodexho)	437	+2.6	37	+0.1
5	Group API	78	+16.0	10	+13.7
6	Group Ansamble	69	+5.1	9	+14.2
7	R2C (Group Casino Restauration)	68	+29.0	6	+27.8

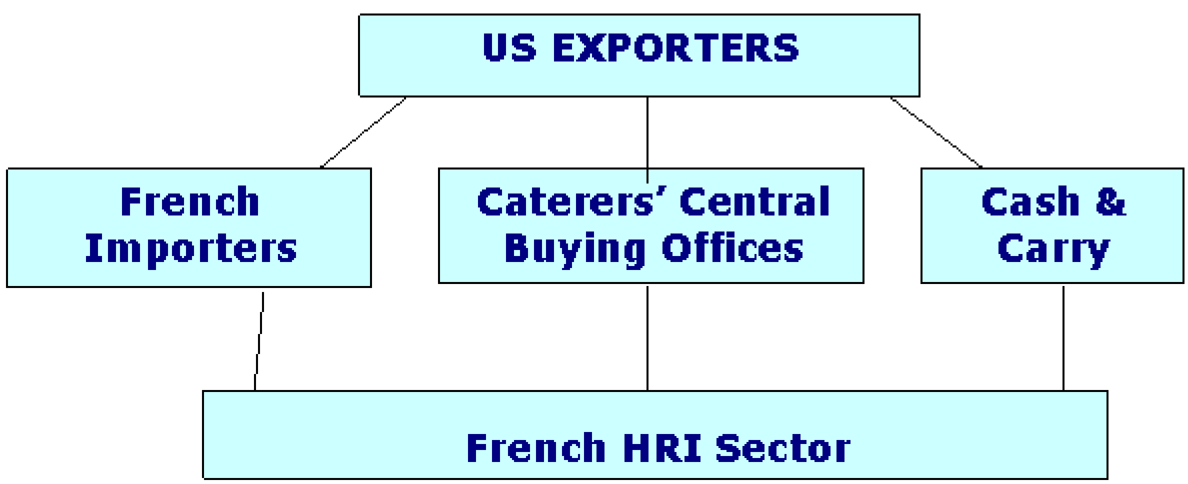
Source: Neo-Restauration April 2010
N/A: Not Available

Other Institutional Catering Sector: Army and Prisons

Sales in army and prison institution caterings represent only one percent of the institutional market sector. Nevertheless, the opening of the French army, as well as the development of the penitentiary sector, to institutional catering is very promising. Supplying the Army and the prisons requires a well capitalized company. The catering companies Apetito France and Groupe Sodexho have already started to invest in these sectors.

Entry Strategy

The diagram below indicates product flow in this market segment.



Major operators from the institutional catering sector often 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. Suppliers are selected primarily on the basis of price and quality.

SECTION III. COMPETITION IN THE COMMERCIAL AND INSTITUTIONAL SECTORS

Domestic food and beverage products dominate the French HRI sector. Seventy-five percent of imports 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, 2009 (in Billion $)	Major Suppliers in 2009	**Market Summary**
Fish and seafood	4.2	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	0.6	EU countries USA	Price competitive and no custom duties. However, the US is able to supply a variety of ethnic/regional sauces.
Canned fruits and vegetables	1.4	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. US bison meat is less price competitive than the Canadian meat.
Wine	0.7	Italy, Spain, Portugal and New World wines, including USA.	Price competitive since no duties inside the EU. However, "exoticism" and quality create opportunities for US wines.
Fruit juices	1.1	Brazil, Spain, USA	Lower prices from Brazil and Spain. However, Florida juices have a good reputation.
Ethnic Foods	N/A	China, Japan, India, Africa, USA	Rising sales of Tex-Mex products. Opportunities exist for other US/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	0.4	USA, Turkey, Israel, Iran	Lower prices from key supply countries. However, US products dominate in almonds and pistachios.
Fresh fruits (including grapefruits & exotic fruits	5.8	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	0.5	Thailand, China, India, USA	Thailand, China and India offer quality and low price products. The US mostly exports brown rice. Biotech testing is a constraint.
Dry legumes (peas, lentils and beans)	0.2	China, Canada, Turkey, Argentina, USA	France grows lentils but imports most all other dry legumes (beans, and peas). US competitors offer lower prices. The US advantage is quality and variety.

SECTION IV. BEST PRODUCT PROSPECTS

- Best opportunities for U.S. frozen foods in the HRI sector are for fish and seafood, meat, fruits and vegetables, frozen desserts (such as cakes and ice creams), ready-to-eat meals and ethnic/regional sides or meals and bison meat.

- Other opportunities for U.S. suppliers include: 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. There is also a demand for salad dressings, tomato sauces, and spices.

SIRHA 2011

(*Salon international de la Restauration, de l' Hôtellerie et de l'Alimentation)*, was held in Lyon, France, January 22-26. It represents the leading international event for the hospitality, restaurant, catering and food service industries. Sirha is a unique, interactive show, with innovation at the very core of the event, where the energy of exhibitors and visitors alike is focused for the benefit of tomorrow's catering trends._
Working with Foreign Agricultural Service OTP to create national identity and visibility for all U.S. exhibitors, FAS Paris staff greeted 11 exhibitors under the USA Pavilion, which included three small companies and one minority-owned company.

New to market and new to export companies represented 27 and 18 percent, respectively, of the exhibitors. A trade reception was organized, this served as a networking forum for U.S. exhibitors, importers and potential buyers. As a result, U.S. exporters reported $573,300 in one-site sales and $2.9 million in 12-month projected sales.

According to exhibitor feedback forms, 513 serious sales contacts were made and 81 new products were introduced. In addition to providing market intelligence reports, FAS/Paris displayed and distributed on sustainable agriculture programs in the United States in French and English. The United States was awarded the "Country of Honor" status, which put U.S. exhibitors, products, chefs, and cooking in special focus.

www.sirha.com

Inauguration SIRHA 2011

USA Pavilion

Pictured Left -Mayor of Lyon, France, Gérard Collomb; Center- Agricultural Attaché U.S. Embassy Paris, France, Lashonda McLeod; Right – Agricultural Marketing Specialist U.S. Embassy Paris, France, Laurent Journo.

www.anuga.com
www.fancyfoodshow.com

SECTION V. POST CONTACT AND FURTHER INFORMATION

Internet Home Pages

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

U.S. Mission to the European Union http://useu.usmission.gov/agri/usda.html
FAS/Washington www.fas.usda.gov

European Importer Directory www.american-foods.org
FAS/Paris http://usda-france.fr
Web site for Professional Trade Shows and Events http://www.salons-online.com

If you have any questions or comments regarding this report, or need assistance exporting to France, please contact the U.S. Agricultural Affairs Office in Paris at:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of the United States of America
2, avenue Gabriel
75382 Paris, Cedex 08, France
Phone: (33-1).43.12.2264
Fax: (33-1).43.12.2662
Email: agparis@fas.usda.gov
Home page: http://www.usda-france.fr

Please view our Home Page for more information on exporting U.S. food and beverage products to France, including market and product "briefs" available on specific topics of interest to U.S. exporters.

Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. food and beverage products.

Recent reports of interests to U.S. exporters interested in the French market include:

Report Number	**Name**
FR	Organic Report
FR9015	French Kosher Report
FR9016	Retail Food Sector Annual
FR9020	Fast Food Sandwich & Snack Sector
FR9021	Food & Agricultural Import Regulations and Standards Annual Country Report
FR9048	Fishery Products
FR9057	Food Processing Ingredients
E48058	EU-27 Food & Agricultural Import Regulations and Standards
E49021	EU-27 Wine Annual
E48029	Fishery Products EU Policy and Statistics

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at: www.fas.usda.gov