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France

HRI

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Report Highlights:
France's Hotel, Restaurant, and Institutional (HRI) sector had $102.3 billion in sales revenue in 2017, a 1.8 percent increase from the previous year. Hotels and restaurants accounted for the largest share of the sector with $63.2 billion in sales. Within specific niches, such as high-end restaurants and international hotels, U.S. products have opportunities in the sector, these are highlighted in the report.

Post:
Paris

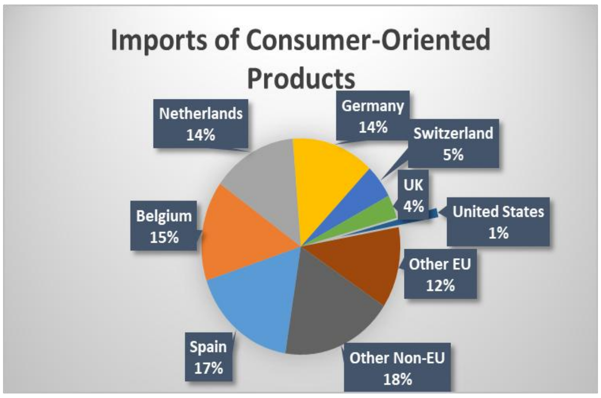
Market Fact Sheet: France

Executive Summary

With a gross domestic product (GDP) of approximately $2.57 trillion in 2017, France is the world's sixth largest industrialized economy and the European Union'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

From January-July 2017, France's trade surplus in agriculture and food products fell about 20 percent from 2016. Additional imports from outside the EU were oilseeds, fruits, and distilled alcohols from China and the United States. Imports from the EU were primarily dairy, meat, and tobacco products. In total, the trade surplus for agricultural and food products during the period Jan-July 2017, reached $484 million.



Food Processing Industry

In 2018 France had over 18,000 food processing companies with sales of $203 billion. The value of processed food imports increased by 5.6 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 European Union. In 2018, the French food processing sector represented 1.8 percent of the gross domestic product (GDP).

Food Retail Industry

In 2017, sales within hyper/supermarket and 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. In 2017, the largest French retailers continued investing in smaller stores in city centers. The overall retail food sales in France were estimated to $309 billion, and specialized food stores such as frozen food stores, organics and open-air markets had sales of $26 billion.

Quick Facts CY 2017

Imports of Consumer-Oriented Products *(USD million)*
40,499

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 Potatoes	10) Sauces and seasonings

Food Industry by Channels (USD billion) 2017

Food Industry Output	203
Food Exports	41.8
Food Imports	40.5
Retail	309
Food Service	102

Food Industry Gross Sales (USD Billion) 2017
Food Industry Revenues
Food (Domestic market) USD 83.4

Top 10 Host Country Retailers

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

GDP/Population
Population *(millions)*: 67.2
GDP *(billions USD)*: 2.57
GDP per capita *(USD)*: 42,567

Sources: GTA, World Bank, Linéaires

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.
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:
Global Trade Atlas (GTA), INSEE, Linéaires, French Customs

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Exchange rate:
2017: 1 USD = 0.885 Euro
2018: 1 USD = 0.847 Euro

I. MARKET SUMMARY

France's Hotel, Restaurant, and Institutional (HRI) sector recorded $102.3 billion in sales revenue in 2017, a 1.8 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 $63.2 billion in sales (62 percent of the HRI sector) and institutional food service accounted for $39.1 billion (38 percent of the sector).

France's HRI sector is fragmented and defined as follows:
● *Commercial catering:*
The commercial catering 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.

● *Institutional Catering:*
The institutional catering includes education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering.

The HRI sector is highly competitive in France offering a large scale of establishments with quality and diversity. Most large restaurant businesses, 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	U.S. suppliers to comply with European and

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meals dinners, as well as regional cuisine, like BBQ and Cajun remain quite popular in France.	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 (e.g., fast food chain, 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 unexpected issues are common.

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
Pomona (Privately Owned)	Fresh fruits and vegetables
Transgourmet (group Coop & Rewe, Swiss and German groups)	All fresh and frozen foods, including seafood and meat as well as frozen food (Prodirest)
Davigel (subsidiary of Nestle)	Frozen food and seafood
Brake France (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 Distribution (group of independents)	Buying office and wholesaler for small supermarkets and restaurants

Source : Neo-Restauration Magazine

2. Tailoring to the Market

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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. General advice for food product exporters for the HRI market is:

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 2020. 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 January 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 statistics body, France was the number one worldwide tourist destination in 2017 with about 80 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,	Importers/wholesalers/direct or cash & carry

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		Sofitel, All Seasons, Pullman, Thalassa Sea & Spa, Adagio, The Sebel, MGallery)	
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 or 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, although the disposable income per household in 2017 was under the level of 2016 (+1.3 percent against 1.8 percent in 2016).
Restaurants are highlighting product of origin and house made as a selling point.
Bakery shops continue to be popular both in large and medium cities and contribute to the dynamism of the food service sector. In 2017, new stores with new concepts opened such as the “fast casual” a hybrid solution between the fast food and theme restaurants offering both healthy and convenient food.

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 $39.1 billion in revenue in 2017, or about 38 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

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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 and Burger Mania

The stereotype of the French only consuming ham-butter-baguette' sandwiches is ending. Sales of U.S.-style burgers are in 85 percent of French restaurants. In 2017, hamburgers beat the sales of the traditional ham-butter sandwiches, with more than 1.460 billion units sold, growing by 9 percent from the previous year.

Fast food chains sell only 30 percent of burgers, with conventional restaurants sell 70 percent. Consumers are also looking for non-baguette bread such as sandwich bread, polar bread, cereals and bagels, but also bread made with cabbage paste, and gluten free options, which may provide an opportunity for U.S. suppliers.

Fast food segment show breaking record with 51 billion euros, up 6 percent over 2016, and 260 percent over 13 years. It all started in 2010: Michelin-starred chef Yannick Alléno launched his à la carte burger at the Le Meurice Palace and earned the title of best burger in the world. Burger chains are a growing market. Some examples are Steak'n Shake, Five Guys, and Carl's Jr. Buffalo Grill is a chain based on affordable price / quality ratio featuring a visible American experience. Restaurant owners mainly supply their meat from France but the high-end restaurants are also purchasing U.S. meats when available in the market.

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, one in two French has already reduced its consumption of meat in the last two years, they prefer premium quality. 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 Pepperico inspired by Tex Mex food, Paris Texas, Cajun food and Melt, a U.S. style BBQ restaurant.

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

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- 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, 2017 (In Billion Dollars)	Foreign Major Suppliers Market Share in 2017	Market Summary
Fish and Seafood	5.4	Norway (16%), United Kingdom (13%), Spain (6%), China (5%), and USA (4.5%)	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	2.3	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	3.5	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	1.8	Italy (11%), Spain (18%), Portugal (7%) and New World wines (6%) including USA (5%)	Price competitive since no duties inside the EU. "Exoticism" and quality create opportunities for US wines.
Fruit Juices	1.3	Spain (18%), Brazil (12%), and the USA (0.6%)	Lower prices from Brazil and Spain. However, Florida juices have a good reputation.
Ethnic Foods	N/A	China, Japan, India,	Rising sales of Tex-Mex products.

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		Africa, USA	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	Israel (9%), Turkey (4%), Morocco (4%) 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 neighbourhood countries having special tariff rates. However, Florida grapefruit is a market favourite.
Rice	0.5	India (15%), Thailand (12%) 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

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

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