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Date: 9/24/2012
GAIN Report Number: FR9116

France

Post: Paris

Grocery Retail

Report Categories:
Retail Foods

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Report Highlights:
In 2011, the grocery retail sector reached $282 billion in sales. Five major players controlled 60 percent of the overall value sales, and are investing in small format stores. Consumers are paying attention to obtaining good, quality food products for lower prices, and have been willing to purchase private label products rather than brand name ones, as long as the quality is comparable.

General Information:
Average exchange rate for calendar year 2011:
USD 1 = 0.72 Euros
Source: International Monetary Fund

SECTION I. MARKET OVERVIEW

In 2011, the major grocery retailers continued to invest in small format stores, such as supermarkets and convenience stores. Auchan started operating with a convenience store format with its new A2pas outlets, while Carrefour invested in new Carrefour City and Carrefour Express outlets. This trend was largely due to changes in the way consumers shopped for grocery products: Most perceived this task as boring and prefer not to waste more time than necessary shopping; and furthermore, in urban areas there were a large number of one or two person households, which resulted in smaller baskets of grocery purchases. As a consequence, a growing number of consumers avoided large grocery retailer formats (hypermarkets) and opted to shop in smaller formats near their home.

In 2011, hypermarkets accounted for 42 percent of the overall sales value of grocery retailers. Despite having the lowest number of outlets, they remained the largest retailers in value terms. Hypermarkets can offer large range of grocery and non-grocery products as well as a wide range of prices, this is the reason families choose this type of retailers.

Supermarkets and discounters registered 3 percent in value sales growth in 2011. The expansion of discounters encouraged hypermarkets and supermarkets to develop their own private label range to become more price competitive and this attracted greater numbers of price sensitive consumers to their stores.

Neighborhood/convenience stores declined in value sales in 2011. This was mainly due to a price positioning that was higher than other grocery retailing formats, particularly where consumers continued to be very worry in their spending. Specialized food stores such as organic stores, benefitted from the growing receptiveness to natural and healthy products and registered a 4 percent value sales increase. The E-commerce has progressively increased over the years and is likely to continue, as major retailers have invested in their own websites.

SECTION II. MARKET ENTRY

More than ever, consumers are paying attention to obtaining good, quality food products for lower prices. They are also appreciating discounts and lower prices and have been willing to buy private label products rather than brand name products. Private label products are becoming better established in grocery retailers; therefore, U.S. companies interested in penetrating the French market should consider doing so. Price, proximity, and convenience are among the major needs of French consumers, making convenience stores quite popular.

SECTION III. COMPETITION

About 30 players with retail chains operate in the sector accounting for 80 percent of overall value sales. The top five are Carrefour, ITM Enterprises, E. Leclerc, Auchan, and Casino representing 60 percent of the total market's value sales. The leading players are present in different categories and own different outlets. Carrefour is present in all types of modern formats and ITM Enterprises operates in hypermarkets, supermarkets, and discounters. In terms of positioning, differences exist: For example, Carrefour has several outlets and offers numerous services; its stores are relatively higher price positioned in comparison with other competitors such as E. Leclerc. ITM Enterprises focuses on accessible prices and has a larger presence in semi-rural parts of France. Auchan has hypermarkets located in commercial centers that are surrounded by stores of non-grocery retailers such as Leroy Merlin, Boulanger, and Kiabi.

SECTION IV. BEST PRODUCT PROSPECT

Major grocery retailers are investing in small format stores in order to adapt to consumers. Hypermarkets are expected to be the most valuable category in grocery retail. The marginal economic recovery should encourage discounters to expand their outlet network to target the lower purchasing power consumers. Discounter's performance would likely be inhibited by the development of private labels in hyper/supermarkets.

Independent small grocery retailers will continue to have difficulties competing with cheaper supermarkets. Despite the closing of some outlets, these independent small grocers will continue to be appreciated for the advantages they offer such, as personal contact. In addition, grocery retailers are expected to see further competition from the internet retailing until 2016, thereby inhibiting stronger performances of this market as a whole.

Consumers are developing appetites for ethnic foods, theme restaurants in France that serve international cuisines have increased popularity for international foods, thus creating demand for high-quality products. Most ethnic foods are sold in supermarkets. The Monoprix supermarket chain pioneered the introduction of ethnic products and other major chains followed notably Carrefour and Auchan.

For product opportunities and additional information on the Retail Sector, including entry strategy, please visit FAS/Paris website and reports; particularly the Retail Food Sector and the FAIRS Reports.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

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

USDA/ Foreign Agricultural Service http://www.fas.usda.gov
U.S. Mission to the European Union http://useu.usmission.gov/agri/usda/html

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

Questions/Comments and Assistance

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

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