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# France

# Retail Foods

# Annual Report 2017

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**Report Highlights:**
More than 70 percent of French household food purchases are made in supermarkets and local smaller discount stores. Different types of retailers have experienced growth and success over the last eighteen months, both local stores and some larger discount stores offering innovative services. France's retail sector offers a variety of opportunities for U.S. food and food products, provided they conform to EU regulations. The most efficient method for a U.S. supplier to approach the French market is to use a local importer, who knows the EU and French regulations, and labelling and packaging specifications.

**Post:**
Paris

**Author Defined:**
**Average exchange rate used in this report, unless otherwise specified:**

**Calendar Year 2016: U.S. Dollar 1 = 0.90 Euros**
**Jan-Feb. 2017: U.S. Dollar 1 = 0.88 Euros**
**Source: The Federal Bank of New York and/or the International Monetary Fund**

## *SECTION I. MARKET SUMMARY*

France's retail distribution network is diverse and sophisticated. The food retail sector is generally comprised of six types of establishments: 1) hypermarkets, 2) supermarkets, 3) hard discounters, 4) convenience stores, 5) gourmet centers in department stores, and 6) traditional outlets including neighborhood stores - bakeries and butcheries, 7) gas marts, as well as open air markets and internet sales; see definitions on the next page. In 2016, sales within the first four categories 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 2016 and 2017 the largest French retailers continued investing in smaller stores in city centers. In addition the large U.S. discount retailer Costco had greater than expected success offering bulk goods in its store outside of Paris and plans expansion.

Since 1960, French households have reduced their food expenses. In 2016, food expenditures represented 20 percent of the overall budget, compared to 35 percent in 1960. The household food basket is now primarily composed of processed and ready-to-eat foods and has decreased for meat, fruits and vegetables, bread and alcoholic beverages. The increase of household purchasing power, fluctuation in food prices and changing lifestyles contributed to the changes in food habits. In 2016, the overall retail food sales in France were estimated to $309 billion. Hyper/supermarkets and hard discounters sell about $219 billion; neighborhood stores, including traditional grocers $65 billion; and specialized food stores at (Grand Frais, frozen food stores, Biocoop and open air markets) $25 billion.

Generally, hyper/supermarkets remain the most popular stores, but specialized food stores, frozen food stores, and hard discounters have increased their retail sector market share in recent years. Other trends of note are that French consumers are diversifying their purchases through several stores, for example buying some products locally and others from discount stores that may be farther from their residence. Also, consumers are more price sensitive and demanding of high-quality products at their neighborhood stores. Over the last two years, large retailers' emerging "drive-thru" service is on the rise, representing 5.5 percent of total food sales. Also, large retailers are expanding their private labels offered as well as investing in smaller stores. The exception to this is Costco France that opened a store outside of Paris and has plans to expand with additional stores in Paris and then other major metropolitan areas in France.

**Major French Imports of Selected Agricultural and Food Products, Total and United States, For Calendar Years 2012-2016**

**U.S. $ Million**

| | **2012** | | **2013** | | **2014** | | **2015** | | **2016** | |
|---|---|---|---|---|---|---|---|---|---|---|
| **In U.S. $ Million** | **Total** | USA | **Total** | USA | Total | USA | Total | USA | Total | USA |
| **Animal (including marine products)** | | | | | | | | | | |
| Meat and offals | **5,756** | 6.8 | **5,994** | 6.8 | **5,997** | 9.5 | **4,800** | 11.3 | **4,521** | 11.2 |
| Fish and Seafood | **4,717** | 257.1 | **5,051** | 241.1 | **5,115** | 218.9 | **4,549** | 216.0 | **4,979** | 221.8 |
| Milk products, including eggs | **3,849** | 8.7 | **4.394** | 10.1 | **4,689** | 10.8 | **3,565** | 3.2 | **3,522** | 6.6 |
| **Vegetable Products** | | | | | | | | | | |
| Vegetables | **3,153** | 29.0 | **3,469** | 39.7 | **3,409** | 47.8 | **3,107** | 41.3 | **3,274** | 32.4 |
| Fruit | **4,767** | 205.6 | **5,360** | 217.9 | **5,253** | 261.4 | **5,104** | 266.4 | **5,395** | 255.0 |
| Coffee, tea, spices | **2,712** | 1.2 | **2,833** | 1.0 | **3,103** | 2.2 | **2,859** | 2.6 | **2,900** | 7.1 |
| Rice | **461** | 4.7 | **508** | 3.6 | **528** | 4.4 | **464** | 5.8 | **447** | 4.9 |
| Corn | **276** | 7.2 | **340** | 12.4 | **406** | 18.4 | **216** | 18.0 | **282** | 13.3 |
| **Animal and vegetable fats Including oils** | **2,839** | 10.8 | **2,763** | 12.4 | **2,418** | 14.0 | **2,148** | 17.5 | **2,300** | 16.1 |
| **Food industry products/Canned** | | | | | | | | | | |
| **and dry grocery products** | | | | | | | | | | |
| Canned and prepared meat and fish | **2,075** | 8.9 | **2,344** | 14.2 | 2,359 | 11.0 | **1,960** | 11.0 | **1,917** | 8.4 |
| **Sugar and sweet foods** | **1,131** | 4.8 | **1,197** | 9.4 | 1,162 | 2.8 | **913** | 3.7 | **990** | 6.1 |
| **Cocoa based foods** | **2,933** | 1.9 | **3,075** | 1.7 | **3,442** | 2.2 | **3,185** | 1.8 | **3,364** | 1.5 |
| **Cereal based foods** | **3,503** | 8.8 | **3,783** | 10.2 | **3,769** | 10.8 | **3,412** | 9.9 | **3,597** | 10.3 |
| Preparations of fruits, vegetables, nuts and other parts of plants, incl. Jams, fruit purees and fruit juices | **4,077** | 57.2 | **4,279** | 53.2 | **4,419** | 61.9 | **3,726** | 56.1 | **4,008** | 63.9 |
| **Other prepared foods Including mustards and sauces** | **2,428** | 37.9 | **2,561** | 50.2 | **2,756** | 51.4 | **2,363** | 46.5 | **2,400** | 42.5 |
| **Beverages, including wines, spirits, alcohols and vinegar** | **3,959** | 178.9 | **4,188** | 212.1 | **4,179** | 207.4 | **3,672** | 184.8 | **3,881** | 196.9 |
| **Animal feeds** | **3,310** | 8.6 | **3,596** | 51.7 | **3,590** | 85.4 | **3,175** | 34.4` | **2,864** | 25.7 |

Source: Global Trade Atlas/French Customs (Direction Nationale des Statistiques du Commerce Exterieur – DNSCE)

The United States is a major supplier for fish and seafood products especially for salmon, cod and scallops, representing six percent market share of total French imports. France also imports fruits and nuts including fruit juices from the United States; and French import for these products increased by about 12 percent from 2012 to 2016. Beverage imports from the United States are mainly bourbon, whisky and California wines with a ten percent increase from 2012 to 2016. The United States is also a major supplier to France of pulses (mainly beans and lentils) with a seven percent market share and an increase of almost 12 percent in imports between 2012 and 2016.

*Definitions*

- *Hypermarket:* Stores with more than 2,500 sq.m. (25,000 sq.ft) selling a wide variety of food and non-food items.
- *Supermarket:* Stores with between 400 sq.m and 2,500 sq.m. (4,000 to 25,000 sq.ft) selling a wide variety of foods and non-food household goods.
- *Hard discounters:* Small supermarkets with a limited range of low cost products, often private label.
- *City Center Store/Superette:* Stores with less than 400 sq.m. (4,000 sq.ft) selling food and basic non-food household goods.
- *Neighborhood Store:* Stores located within cities selling a wide variety of food, specialty foods and non-food items.
- *Specialized Food Store:* A unique concept of retail stores selling a variety of food including frozen entrees/hors d'oeuvres to desserts.
- *Gas Marts:* Gasoline stations generally equipped with small, self-service food stores.

- **Expected growth rate of the overall food retail market and sub-sectors:**

According to INSEE, the French official statistics organization, economic growth was limited to 1.2 percent in 2016 and remained limited until mid-2017. As a result of Government's measures taken early 2016, unemployment started to decline at the end of 2016 and is forecast to be 9.8 percent by mid-2017. Recent reports show France with increasing growth in 2017 through 2018, but unemployment figures have dropped only marginally.

Household purchasing power has decreased by five percent since 2008; an increase in taxes and social security contributions in recent years reduced households' gross disposable income. Consumption prices rose by 0.6 percent in 2016 and continued to increase in 2017. Consequently, price will remain important for the majority of French food purchases. French consumers appreciate supermarkets' specific programs such as fidelity cards offering discounts and points for rewards.

During the past years, the number of drive-thru service outlets in suburban France continued to increase with almost 4,000 such stores in 2016, a 45 percent increase since 2014. Customers place their orders on-line thru hyper/supermarkets and pick up their goods through a drive-thru window. This model currently represents 5.5 percent of total sales by value of hyper/supermarkets and hard discounters; and it is expected to become more and more attractive, especially in areas of France where the aging population is increasing.

Regular campaigns recommend French consumers buy seasonal products from local producers and highlight fair trade, recycled packaging, and products with a lower environmental impact. Trade sources indicate that environmental considerations play a major role in 15 percent of French consumer's purchases, although almost all consumers say they consider the environmental impact somewhat.

The overall number of hyper and supermarkets outlets increased between 2013 and 2016, by respectively 11 and 9 percent. During the same period, hard discount outlets decreased by 24 percent primarily because the hard discounters Aldi and Dia were sold to Carrefour in 2015. For the past two years, proxy outlets, generally located downtown and belonging to the major French supermarket groups have increased. They are forecast to represent about ten percent of total food sales.

- **Trends in distribution channels and number/type of retail outlets:**

France's major retailers, by 2016 sales, are: Carrefour; Auchan, Leclerc; ITM Entreprises (Les Mousquetaires); Casino; Systeme U; and Cora. In 2016, food sales in France of the top food retailers are valued at $212 billion. In 2015 and 2016, hard discounters lost ground to small local stores and chains placing more stores locally. This trend is expected to continue thanks to retailers such as Casino and Carrefour who are opening smaller stores in easy access in neighborhoods easily accessible by those who live nearby.

**Major French Food Retailers, Number of Stores by Type (Evolution 2016 versus 2013):**

| YEAR | 2016 | 2013 |
|---|---|---|
| Hypermarkets | 2177 | 1968 |
| Supermarkets | 6198 | 5702 |
| Hard Discounters | 3556 | 4694 |
| Drives and E-Commerce (*) | 3954 | 2721 |

(*) Source: Nielsen TradeDimensions, neighborhood stores Monoprix included

Source: Lineaires

- **Trends in services offered by retailers**:

For several years, hyper/supermarkets have eroded the restaurant/fast-food market share, by selling ready-to-eat products, such as roasted meats, fresh-baked bread and pastries. Another trend is that increased competition from hard discounters forced hyper/supermarkets to expand selling lines of discounted products. As part of this trend, large retailers also increased their development of private label products. French legislation from 2006 which limited the number of *new* hypermarket/supermarkets, prompted large stores to expand the surface area in current stores. Complaints from traditional outlets that this new measure benefitted existing hyper/supermarkets resulted in 2008 in a modification of the legislation included in the "Loi de modernisation de l'économie" (LME), allowing the opening of new stores under 1,000 square meters. In 2008, the LME also enacted a reform to encourage competition that would benefit consumers, thus permitting suppliers and retailers to negotiate purchase prices. This reform called "Loi Chatel" was aimed at increasing household purchasing power and reducing retailer margins and sales prices. Retailers have developed e-food sales through numerous websites, drive-thru service and home delivery, and this has resulted in a 45 percent increase of drive-thru service since 2014 with almost 4,000 such outlets in 2017 that represent 5.5 percent market share of retail food sales. Given their success, the e-food, drive thru model will continue to increase its share of sales.

**Advantages, Opportunities and Challenges that U.S. Products Face in France in the Retail Food Sector.**

| Advantages/Opportunities | Challenges |
|---|---|
| A significant portion of French households can afford imported food products. | Lack of brand and variety awareness of U.S. food products by consumers. |
| The French food retail industry is looking for new imported food products. | Although of interest, introducing new-to-market brands and products is not easy. |
| American food and food products remain quite popular in France. | Complying with European and French regulations. |
| Efficient domestic distribution systems. | Domestic and intra-EU imports dominate the supply chain. |
| French consumers demand quality, innovative, healthy products. | Adapting products to French consumers' tastes and expectations. |
| Changing lifestyles, demographic changes and the economic crisis fuel growth in the retail sector. | Adapting U.S. products to French consumer needs regarding price, practicality, variety, quality and packaging. |

## *SECTION II. ROAD MAP FOR MARKET ENTRY*

### *1. Entry Strategy*

The most common method of market entry is using an experienced importer to place your product in the French market. The importer will verify that your product meets EU import requirements, such as labeling and ingredient regulations and will verify your financial reliability. If interested, the importer will engage in price negotiations. Both supplier and importer need to discuss logistical requirements and the length of the contract. FAS Paris maintains a list of importers for your use. A directory of European importers "American Foods in Europe – Your Guide to European Importers of U.S. Food and Beverage Products" is also available online at:
http://www.american-foods.org/

- **Central Purchasing Offices/Buying Groups:**

Importers often place your product with retail stores and with central purchasing offices. In France, it is common for large retailers to participate in a central purchasing office to share the costs of purchase and distribution. The central purchasing office buys products directly as well as from importers and distributors and provides them to the retail outlets. These offices usually source products, handle import (customs) formalities, logistics, supply, maintenance, delivery and sometimes pricing and labeling for their retail customers. They insure that foreign-sourced products meet all import requirements, including food labelling, packaging, and other market specifications. The goal for a U.S. exporter is that its product meets all the import requirements and that the central buying office includes it in its product catalogue. Food retail buyers use this catalogue to make purchases for their stores.

***Tips:***
In order to present a product to a central buying office, a U.S. supplier should:
- Submit product description and price quotations;
- Submit products for laboratory testing;
- Determine sanitary/health certification and other import documents requirements.

- **General Import Requirements:**

Labels should be in French with the following information:
- Product definition;
- Shelf life: indicated "used by" and "best before" dates and other storage requirements;
- Precautionary information or usage instructions, if applicable;
- Statement of contents: ingredients, weights, volumes, etc., in metric units. All additives, preservatives and color agents must be noted on the label with a specific group name or "E" number;
- Country of origin and name of importer or vendor within the EU;
- Manufacturer's lot or batch number.

You will find additional labeling rules on food allergens and nutritional products, packaging, container, food additives regulations and trade barriers at:

*http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/fairs-reports/*

**Building a Relationship with a Hyper/Supermarket's Central Buying Office or Purchasing Department:**

| Stages / Goal | Action | Follow-Up |
|---|---|---|
| Create interest in your product. The goal is to be listed or referenced in a buyer's catalog. | Send a product promotion kit to appropriate buyer who transmits it to the marketing department who may ask for samples: If interested, meeting with supplier requested. | With additional information on company and factories, sanitary certificates, ISO, HACCP certificates – prices are not necessary at this stage. |

**Building a Relationship with a Specialized Importer/Distributor:**

An importer can offer several advantages to a U.S. supplier: market insight; information about competitors; and established retail business connections.

| Stages / Goal | Action / Means |
|---|---|
| **Stage 1** – Establish a contact | Send a product promotion kit with samples; indicate prices |
| **Stage 2** – Check the supplier's reliability | The importer verifies that the manufacturing plants meet standards and regulations as well as the financial reliability of the supplier |
| **Stage 3** – Commercial | Price negotiations and discounts for large quantity purchases. Define |

| | |
|---|---|
| offer | logistical requirements. An exclusive contract is usually for three years. |

Note: - The price needs to be included with the file when building a relationship with an importer, while it is not necessary in building a relationship with a hyper/supermarket.

**2.** ***Market Structure***

**Distribution Chanel Flow Diagram**

**U.S. Exporters**

˅ ˅ ˅ **French Importers** **Caterer's**

**Central** **Cash & Carry**

**Wholesalers** **Buying Offices**

˅

**French Retail Food Sector (HRI)**

U.S. exporters can gain market entry to the retail service sectors in several ways: through representation by an importer, having their products placed in a central purchasing office catalog and by selling to cash and carry outlets. Food buyers use central buying offices, importers and cash and carry dealers to procure their products.

***A. HYPERMARKETS, SUPERMARKETS AND HARD DISCOUNTERS***.

***<u>Company Profiles</u>***

1. **Major Hyper/Supermarkets/Hard Discounters in France in CY 2016 (Sales in billion USD)**

**In Billion dollars**

| Retailer Names/Groups and **Outlet Type** | **Ownership** | **Sales in CY 2016 (in France and incl. E-Commerce)** | **Location** | **Purchasing Agent Type** |
|---|---|---|---|---|
| E. Leclerc (Hyper/supermarkets, convenience stores) | French | 48.2 (including tax) | France + Europe | Central Buying office |
| Carrefour | French | 44.6 (without | France + | Importers |

| | | | | |
|---|---|---|---|---|
| (Hyper/Supermarkets, convenience stores) | | tax) | foreign countries | |
| Inrermarche/Les Mousquetaires (Supermarkets, hard discounter, and convenience stores) | French | 33.8 (including tax) | France + foreign countries | Central Buying Office |
| Systeme U (Hyper/supermarkets and convenience stores) | French | 26.2 (including tax) | France | Direct |
| Groupe Casino (Hyper/supermarkets, hard discount + convenience stores) | French | 23.1 (without tax) | France + foreign countries | Central Buying Office |
| Groupe Auchan (hyper/supermarkets, + convenience stores) | French | 19.6 (without tax) | France + foreign countries | Direct |
| Lidl (Hard discounter) | German | 9.8 (without tax) – Estimate | France + Europe | Central Buying Office |
| Cora (Hyper/supermarkets) | French and Belgian (Groupe Louis Delaize) | 6.0 (including tax) | France and Europe | Importers |
| Aldi (Hard discounter) | German | 3.9 (without tax – Estimate | France + foreign countries | Central Buying Office |
| Schiever (Independant running Auchan hyper/supermarkets in Eastern France and Burgundy) | French | 1.4 (without tax | France (Burgundy + Eastern France) + Poland and Tajikistan | Direct |
| Provencia (Independent running Carrefour hyper/supermarkets and proximity stores in the Rhone-Alps area) | French | 1.0 (without tax) | France (Rhone-Alps area) | Direct |
| Coop Atlantique (independent running Systeme U hyper/supermarkets and proximity stores in Western | French | 0.9 (without tax) | France(West area) | Direct |

| | | | | |
|---|---|---|---|---|
| France) | | | | |
| Groupe Coop CNP (independent running Systeme U hyper/supermarket in Normandy) | French | 0.5 (without tax) | France (Normandy area) | Direct |

Source: Lineaires/Panorama Trade Dimensions 2017

In June 2017, Costco inaugurated the first warehouse club in France, in Paris' suburb, a membership-fee discount concept was new to France. Given the success of this first French store that opened in June 2017 near Paris, the American brand has said it plans expansion in France.

### 2. Major Hyper/Supermarkets and Hard Discounters in France by Number of Stores, Calendar Year 2016 (*)

**Hypermarkets** **Supermarkets** **Hard Discounters**

| Outlet Name | **Number of Stores** | **Outlet Name** | **Number of stores** | **Outlet Name** | **Number of Stores** |
|---|---|---|---|---|---|
| E. Leclerc | 607 | Intermarche Super | 1361 | Lidl | 1485 |
| Carrefour | 243 | Carrefour Market | 1062 | Aldi | 903 |
| Auchan | 144 | Grand Frais | 185 | Leader Price | 796 |
| Geant Casino | 117 | Super U | 756 | Netto | 298 |
| Intermarche Hyper | 85 | Casino/Hyper Casino | 375 | Norma | 70 |
| Hyper U | 65 | S.Match | 123 | | |
| Cora/Record | 59 | Monoprix | 314 | | |
| Hyper Casino | 39 | Colruyt | 76 | | |

(*) Classification was made by outlet name concepts and not surface area.
Source: Lineaires/Panorama Trade Dimensions 2017

### 3. Proximity Stores in France by Number of Stores,
Calendar Year 2016

| **Outlet Name** | **Number of Stores** |
|---|---|
| Carrefour Contact/Contact Marche | 885 |
| Franprix | 858 |
| Carrefour City | 762 |
| U Express | 322 |
| Intermarche Contact | 316 |

| | |
|---|---|
| Spar | 132 |
| Monop' | 131 |
| Intermarche Express | 74 |
| G20 | 78 |

Source: Lineaires/Panorama – Trade Dimensions 2017

## 4. Major Food Retail Outlet Profiles

**Groupe Carrefour:**
After having been the world's second largest retailer, after WalMart, and the largest in Europe for several years, in 2016 the French group Carrefour dropped to sixth in the world. Created in 1959 in southeast France, Carrefour grew rapidly into international markets with stores in 30 countries (Europe, Asia, South America, and North Africa). Carrefour sales in France in 2016 were 40.1 billion euros ($44.6 billion) – worldwide sales amounted to 86 billion euros ($96 billion). Carrefour has supermarkets, convenience and city center stores, all under the name of Carrefour (Carrefour Market, Carrefour Express, Carrefour City, etc.) depending on their location, rural or downtown. Although 80 percent of Carrefour private labels are locally sourced, the outlet is looking for new, innovative American oriented food products. Carrefour does not import directly, working strictly through importers. FAS Paris can provide you with a list of French importers/distributors working with Carrefour.

**E. Leclerc:**
In 2016, E. Leclerc became the top retailer in France beating out Carrefour, with sales reaching 43.4 billion euros in France ($48.2 billion). Most of its stores are hypermarkets. Leclerc is present in Europe and sources food products through its central buying office.

**Intermarche, Les Mousquetaires:**
This chain is focused on low prices and specializes in fresh produce, proximity, and smaller scale stores. Intermarche is a group of independents retailers with stores in Europe and foreign countries: Canada, South Africa, Switzerland, Australia and China. Intermarche is the third largest group in sales behind Leclerc and Carrefour. Total sales in France in 2016 were 30.4 billion euros ($33.7 billion), from which 75 percent are food products. Most of Intermarche's outlets are supermarkets; there are a few city center stores and only 86 hypermarkets.

**Groupe Auchan:**
Groupe Auchan is a family company owned by the Mulliez family and the Schiever Group. Auchan is present in 12 countries but not the United States. Total sales in France in 2016 were 17.6 billion euros ($19.6 billion). Auchan has hyper, supermarkets as well as a few convenience and gourmet stores under the names of EasyMarche, Galeries Gourmandes, Partisans du Gout, A 2 pas, and Coeur de nature.

**Systeme U:**
Systeme U is the fourth largest retailer in France in terms of sales and the fifth largest retailer in terms of stores. In 2016, Systeme-U total sales in their hyper/supermarkets and convenience store in

France amounted to 23.6 billion euros ($26.2 billion). U brand private label expansion is a priority for the products such as wine, fruit juices, frozen ready-to-eat foods, ethnic foods and seafood. Note that Systeme U is a good client for Alaska sustainable seafood.

**Groupe Casino:**
In 2016 Casino total sales in France amounted to 20.8 billion euros ($23.1 billion). Casino is present in France and a few in South America. Casino has Monoprix, Franprix, Petit Casino, Leader Price Express, Casino Shop, Vival, Spar, and Chez Jean. In addition, Casino's hard discounters Leader Price represent 17 percent of the total French hard discounters. Casino Group source food products thru their central buying office and they are looking for innovative food products not sold by competitors.

**Cora:**
Cora is part of the Belgium group Louis Delhaize and has hypermarket/supermarket stores in France and Europe. Cora, which was until 1974 part of the Carrefour Group, has hypermarkets and supermarkets (Cora, Match, Record) located in French regions. Cora's sales in France in 2016 amounted to 5.4 billion euros ($6.0 billion). Cora buys products through Provera their Central Buying Office which sources food products from importers.

## *B. CONVENIENCE STORES*

### ***Company Profiles***

Convenience stores fall under the category of small supermarkets (superettes), are generally located in small cities, and frequently opened every day (including Sunday). Within ten years, proxy/convenience stores increased by 40 percent and in 2016, there were approximately 8,600 outlets affiliated with large retailers such as Carrefour, Casino and Intermarche. Their number is expected to continue rising in coming years with more new concept stores. FAS Paris can provide a listing and details on how to market to convenience stores.

## *C. TRADITIONAL OUTLETS (NEIGHBORHOOD, SPECIALIZED FOOD STORES, OPEN AIR MARKETS AND INTERNET SALES )*

### ***Sub-Sector Profile***

1. **Neighborhood Stores**

The number of smaller and independent stores has slightly increased since 2002. Most of them are specialized food outlets (bakeries, butchers and fish shops, groceries), and they are located both in urban and rural areas. While neighborhood stores in rural areas tended to decrease in number, they have increased in urban areas. The French National Economic Statistics (INSEE) most recent census indicated a total of 78,000 stores. Their sales represent about 20 percent of the French food sales and their products are sourced from wholesalers and wholesale markets. Customers of neighborhood stores are generally medium to high class consumers.

Traditional grocers include gourmet sores, such as Fauchon, Hediard, La Grande Epicerie, and Galerie Gourmande, which carry a wide range of imported products. They are located in large and medium-sized cities and attract high-income consumers. The approximately 200 outlets in France offer U.S. exporters easier market entry for products; their drawback is a tendency to purchase smaller quantities and they work directly with importers.

2. **Specialized Food Stores**

- **Grand Frais**

Grand Frais has a network of 167 small to medium stores.Most of them are located in south France but there are a few stores in the Paris area. Created in the 1980s to offer consumers the best quality at moderate prices for fruits and vegetables, fish, world food groceries, butcher-delicatessen and dairy products, Grand Frais' total sales in 2016 were $1,333 million. Grand Frais works directly with importers.

- **Picard Surgeles & other frozen food stores**

Despite strong competition in the frozen food sector from hyper/supermarkets, Picard Surgeles is the leading frozen food retailer in France for home consumption, with a 30 percent market share, 955 outlets throughout France and sales in 2016 valued at $1.5 billion. Picard sells high-end frozen products and offers opportunities for U.S. suppliers of fish and seafood, frozen fruits and vegetables, fruit juices, and prepared specialty meals for their private label. Picard works directly with importers, and U.S. suppliers interested should contact FAS/Paris for the buyers' contact information.

Toupargel is the second largest frozen food retailer in France, after Picard, and the leader for frozen food home deliveries, before Thiriet, Maximo and Argel. In 2016, Toupargel sales were $326 million. Toupargel offers opportunities primarily for U.S. suppliers of fish and seafood. Toupargel has an internet website for consumers to place orders.

- **Biocoop**

Biocoop is a network of specialized organic, fair trade and ecological products including food and non-food products. Biocoop has 400 stores throughout France and total sales in 2016 amounted to $853 million (a 17 percent increase compared to previous year). Biocoop sources its products through different buying offices.

## *SECTION III. COMPETITION*

Most exporters within the EU conduct market promotion activities in France. Products such as fresh or preserved fruits and vegetables, wine, beer, fish and meat are commonly promoted in trade shows, advertisements and supermarkets. Third countries promoting food products in France include Norway, Israel, Morocco, South Africa, Argentina, Brazil and Canada.

**Retail Food Sector: Overall Competitive Situation facing U.S. Suppliers, Calendar Year 2016**

| Product Category and volume/value imports from the United States | Major Supply Sources & percentage of total French imports in volume | Strengths of Key Supply Countries | Advantages and Disadvantages of Local Suppliers |
|---|---|---|---|
| **Fruit and nuts, including tropical fruit and citrus**<br><br>Net imports: 42,643 tons<br><br>$ 283.4 million | A. Spain (39%)<br>B. Italy (7%)<br>C. Ivory Coast (5%)<br><br>USA – Minor supplier (1.2% share) | A & B. Spain & Italy are EU countries and price competitive as well as geographically close. Italy mainly supplies grapes, while Spain has a wider range of fruits to offer including citrus. South Africa and Israel also supply citrus to France –<br><br>C. Ivory Coast is a supplier of fruits and bananas and has a lot of French subsidiary companies.<br>However, Morocco, Cameroon, and South Africa are also France's key suppliers, and have a market share close to Ivory Coast. | Locally, there are very marginal local production for nuts and citrus and none for tropical fruits.<br><br>France is only a producer of walnuts and this is mainly for national consumption.<br><br>Nuts imported from the USA represent over one percent of total nut imports. France is an attractive market for the USA but the competition is tough. |
| **Fish and Seafood**<br><br>Net imports: 50,013 tons<br><br>$ 241.1 million | A. Norway (14 %)<br>B. United Kingdom (10%)<br>C. China (7%)<br><br>USA – Major supplier (6% share) | A & B. Norway dominates the market with 116,691 tons imported. The U.K. is also a strong supplier to France, mainly for the food service market.<br><br>C. France imports from China panga fish sold in frozen fillet at Carrefour or Picard. Other fish imports are from Spain, Denmark, and Ireland. | Local resources in fish and seafood do not satisfy increasing demand.<br><br>The United States is a major supplier to France, especially for frozen pollock, cod and salmon, live lobsters, frozen rays, dogfish and scallops. |
| **Canned and prepared meat and fish**<br><br>Net imports: | A. Germany (22%)<br>B. Spain (13%)<br>C. Belgium (7%) | A, B & C. Germany, Spain and Belgium are price competitive, geographically close and part of the European Union. | Local companies are strong in prepared meat and fish although their number declined over the years. They also are affected by rising |

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| 356 tons<br><br>$ 8.4 million | USA – Minor supplier (0.1% share) | | production costs. |
| **Preparations of fruits, vegetables, nuts, including jams, fruit purees and fruit juices.**<br><br>Net imports: 15,596 tons<br><br>$63.9 million | A. Belgium (25%)<br>B. Spain (16%)<br>C. Germany (12%)<br><br>USA – Minor supplier (1% share) | A. Belgium dominates the market with preparation of vegetables other than tomatoes (Italy and Spain)<br><br>B & C. Spain supplies France with prepared fruits, fruit juices, and nuts; and Germany with mushrooms, as well as fruit juices.<br><br>Fruit juices are also imported from Spain and Brazil, the United States represent only a 0.3% market share.<br>USA market share for nuts imports is close to 2%. | There are approximately 1,100 local companies in the sector of canned fruits and vegetables, including a few major groups and regional canners.<br><br>France is not a producer of fruit juices except for a few homestyle/small-scale production products.<br><br>Fruit juices are an attractive market to U.S. suppliers although competition is tough. |
| **Prepared foods including sauces, condiments, seasonings, mustards and ice creams**<br><br>Net imports 5,096 tons<br><br>$43 million | A. Germany (33%)<br>B. Belgium (23%)<br>C. Italy (20%)<br>D. Spain (25%)<br><br>USA – Minor supplier (1.1% share) | Spain, Belgium and Germany dominate the market with sauces/condiments/seasonings and mustards.<br><br>Italy supplies soups, and ice creams.<br><br>Most of the imports from the United States are sauces, condiments and dressings. | Demand for interesting natural or exotic flavors as well as health and wellness products should provide opportunities for U.S. suppliers of sauces/ condiments/seasonings, provided they are able to compete with A, B, & D. |
| **Snacks (potato and cereal based)**<br><br>Net import: 2,599 tons<br><br>$10.3 million | A. Germany (22%)<br>B. Spain (11%)<br>C. United Kingdom (6%) | A, C. Dominates the market with branded products.<br><br>B. Offers exotic flavors. | A few local companies and some multinational firms operate in the market.<br>Demand is for new exotic flavors (e.g., olive oil, chili), healthier content or a combination of both. |

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| | USA – Minor supplier (0.2%) | | Popcorn is still on the rise, and the United States may offer a variety of new innovative products in the sector. |
| **Beverages, including wines, spirits and alcohols**<br><br>Net import: 343 MHL<br><br>$196.7 million | A. U.K. (24%)<br>B. Italy (10%)<br>C. Germany (8%)<br><br>USA – Medium supplier (5% share) | A, C. Dominates the market with branded spirits.<br><br>B. Supplies wine to France. | France is world's largest wine producer with Italy.<br><br>However, a market exists in France for third country wines which have recorded sales increases during the past years. The United States is a net supplier of California wines and its market share increased over the years. |
| **Pulses**<br><br>Net import: 15,055 tons<br><br>$23.2 million | A. China (17%)<br>B. USA (7%)<br>C. Canada (29%)<br><br>USA is a major supplier (7% share) | Canada and China dominate the market. China supplies with all varieties of pulses, while Canada supplies mainly beans and lentils.<br><br>The United States supplies mainly beans and lentils. | France's production of pulses represents 25% of total domestic need.<br><br>The United States is a major supplier in the market but has to compete with China in this segment, who offers better prices although the quality is lower. |
| **Cereals**<br><br>Net import: 6,447 tons<br><br>$18.5 million | A. Germany (18%)<br>B. Italy (7%)<br>C. Spain (5%)<br><br>A – minor supplier (0.3% share) | A. Dominates the market with corn, followed by Ukraine, Bulgaria and Romania.<br><br>B. Dominates the market with rice immediately followed by Thailand and Spain.<br><br>The United States is 12 French supplier for corn and 14 for rice. | Very small rice production in south of France.<br><br>Corn is second vegetable production in France, after wheat, and represents 10% of the total agricultural production area.<br><br>U.S. corn supplies are limited in France due |

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| | | | to GMOs concerns. |

Source: Global Trade Atlas /French Customs

## *SECTION IV. BEST PRODUCT PROSPECTS*

Large U.S. and other multinational food companies are well established in France and their products are adapted to the market. U.S. exporters will find existing and new market opportunities for high value products in France in the chart below.

### A. Products Identified as Opportunities for U.S. Suppliers

| **Product Category** | **Estimated Sales value in 2016 (in billion $)** | **Average Annual Growth Rate (in value)** | **Key constraints over Market Development** | **Market Attractiveness for the United States** |
|---|---|---|---|---|
| Fish and Seafood | 3.9 | -4% | Competition from other suppliers, particularly Canada with CETA in force | Health benefits and quality of U.S. products offer opportunities for U.S. suppliers |
| Citrus fruits and nuts | N/A | N/A | Competition from key established suppliers | U.S. products are considered as quality and safety products |
| Coffee, tea and spices | 3.0 | +3% | Lack of awareness for U.S. products | The market remains a niche for U.S. suppliers |
| Canned fruits and vegetables:<br><br>· Canned fruits, jams, marmalades | 8.0<br><br>1.8 | +1.6%<br><br>+7.2% | <br><br>High tariff on sugar content | <br><br>Niche market |
| Other food products:<br><br>• Sauces, condiments, & seasonings | 29.4<br><br>3.8 | -2.6%<br><br>+3% | <br><br>Competition from key established multinational suppliers. Products to be | <br><br>U.S. suppliers to provide new exotic and natural flavors and attractive packaging. |

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| • Salted and sweet snacks<br><br>• Sugar, chocolate, and confectionery | 1.8<br><br>6.1 | +5%<br><br>+2% | GMOs free.<br><br>High tariff and competition from large multinationals.<br><br>High tariff, adapt to European and French regulations. Also, competition with key established multinationals. | Demand for new flavors and healthy content. Consider U.S. products to be sold for private labels.<br><br>Niche opportunities for sugar-free, low carb and functional value-added products. |
| Beverages:<br><br>• Quality wines<br><br>• Fruit juices<br><br>• Carbonated drinks | 30.8<br><br>12.7<br><br>3.1<br><br>2.2 | +1.0%<br><br>+4%<br><br>+3%<br><br>+4.3% | Competition from third country wine producers, and high tariffs.<br><br>Competition from large groups.<br><br>High tariffs & fierce competition from multinationals. | Demand for quality wines and exoticism should boost U.S. sales with market driven approach to business.<br><br>U.S. suppliers offer high quality juices and concentrates – Health benefits are appreciated from customers and should benefit U.S. products.<br><br>U.S. suppliers should offer sugar-free and low-calorie carbonates. Attractive packaging is a plus to these drinks directed to young population. |

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| Frozen foods | 10.1 | -1.2% | Competition from key established suppliers and multinational groups.<br>Avoid meat products which require EU certification. | Vegetables and potato products offer opportunities as well as prepared meals, desserts and soups. |
| Canned and prepared meat and fish | 42.3 | -3.5% | EU certification required for meat and fish products | U.S. suppliers with required certification for their product and offering innovative products can find a niche. |
| Pulses | 1.8 | -1% | Competition from key established suppliers. | U.S. suppliers carry high quality products and should continue valorizing the nutritional aspect of their pulses. |

**N/A = Not Available**
Source: INSEE – Food Industries Production

**B. Products not Present in Significant Quantities but That Have Good Sales Potential**

| **Product Category** | **Estimated sales value in 2016 (in billion $)** | **Average Annual Growth Rate** | **Key constraints over Market Development** | **Market Attractiveness for the United States** |
|---|---|---|---|---|
| Specialty seafood, lobsters, scallops | N/A | N/A | Competition from key suppliers. | High demand for quality products. Opportunities for U.S. suppliers able to compete with key suppliers. |
| Baby foods | 1.3 | +1% | Competition from mainly two major groups. | Lack of time for preparation of meals increase the demand. This market is attractive to U.S. suppliers with high quality/innovative foods and EU |

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| | | | | certification for meat products. |
| Dietary products including nutraceuticals | 5.7 | +3% | Strict EU and French regulations apply to these products. | This is a fast growing and lucrative market attractive for the numerous U.S. suppliers. |
| Energy drinks | 1.6 | +7% | Fierce competition from 3 giants of the soft drink market and Red Bull, and strict ingredient regulations apply to these products. | Fast growing market attractive to U.S. suppliers carrying good taste and innovative products provided they are ready to compete with the sector leaders. |
| Soups | 0.8 | +3% | Competition from local manufacturers. | Return to traditional recipes, U.S. suppliers with innovative quality and tasty products may find a market. |
| Pet foods | 3.6 | +6.5% | Competition from multinational groups. Pet plants require certification. | Growing number of pets stimulates demand for conventional and organic pet foods. |
| Organic foods | 6.4 | +15% | Strict EU regulations on production and countries equivalency apply for imported products from third countries. Note that the United States has an equivalence arrangement with the EU. | Increasing health-concern and various food crises boosted this market segment. Attractiveness for U.S. organic food suppliers with innovative products, as well as ethnic and tropical organic foods that cannot be found in France. |
| Certain varieties of nuts (cajun, pecan, macadamia) | N/A | N/A | Retail market for certain nut varieties is still a niche. The product is not mainstream and is mainly consumed as snack mix for aperitif and for special occasions (Christmas) | This market is likely to become more dynamic as consumers gain product awareness and become receptive to new tastes and textures. |
| Prepared | 7.3 | +5% | Competition from | Demand for new flavors |

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| ready-to-eat ethnic foods and meals | | | key established suppliers. EU plant certification for meals containing meat. | and ethnic pre-prepared foods provides opportunities for U.S. suppliers able to compete with key suppliers. |
| Kosher foods | 0.3 | +14% | Competition from local wholesalers and key suppliers. Products to be certified Kosher by religious authorities. | Religious and health concerns boost sales of kosher products beyond the community offering opportunities for U.S. suppliers. |
| Halal foods | 8 | +10% | Competition from multinational groups and key suppliers. Products to be certified Halal by religious authorities. | A large Muslim population in France generates a 10 % annual increase in Halal foods - offering opportunities for U.S. suppliers. |
| Ice creams | 2.0 (home consumption only) | +7% | Competition from large groups. EU regulations and certification | To increase sales, French manufacturers constantly innovate on format packaging, and colors. U.S. suppliers having high quality innovative products may find a niche in this market. |

N/A = Not Available
Source: INSEE/LSA Magazine

### C. Products not Present Because They Face Significant Trade Barriers

- Vitamin-enriched flour
- Meat and Poultry products

For more information on product trade restrictions within the European Union, please refer to U.S./EU Mission Food and Agricultural Import Regulation and Standards Report (FAIRS): http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/fairs-reports/

## *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/
FAS/Washington http://www.fas.usda.gov

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| European Importer Directory | http://www.american-foods.org |
| FAS/Paris | http://www.usda-france.fr |

**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:

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Home page : http://www.usda-France.fr

**Please view our Home Page for more information on exporting U.S. food and beverage and to find list of French market sector/briefs and other detailed reports.**