USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Voluntary - Public

Date: 8/20/2009
GAIN Report Number: FR9020

France

Post: Paris

Fast food Sandwich and Snack Sector

Report Categories:

Product Brief

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Report Highlights:

Lifestyle, demographic changes, and the financial crisis have fueled growth in the fast food sector in France, especially sandwich and snack sales, which grew 11 percent in 2008.
Best prospects for U.S. suppliers in the snack segment are chips and crisps, bagels, wraps, ice creams and yogurts, dried fruits and nuts, salads, pastas, confectionary products and chocolate bars, fruit juices and soft drinks, soups and finger foods.

General Information:

Average Exchange rate:

Calendar Year 2007: USD 1 = 0.7312 Euros

Calendar Year 2008: USD 1 = 0.683 Euros

(Source: Paris Stock Exchange/European Central Bank)

SECTION I. MARKET OVERVIEW

The fast food sector considered in this report includes not only fast food restaurants (U.S. and French style), but also take out and delivery, coffee shops, sandwich shops, bakeries and cafeterias, ethnic restaurants, and alternative vendors, such as gas stations, caterers, and supermarkets.

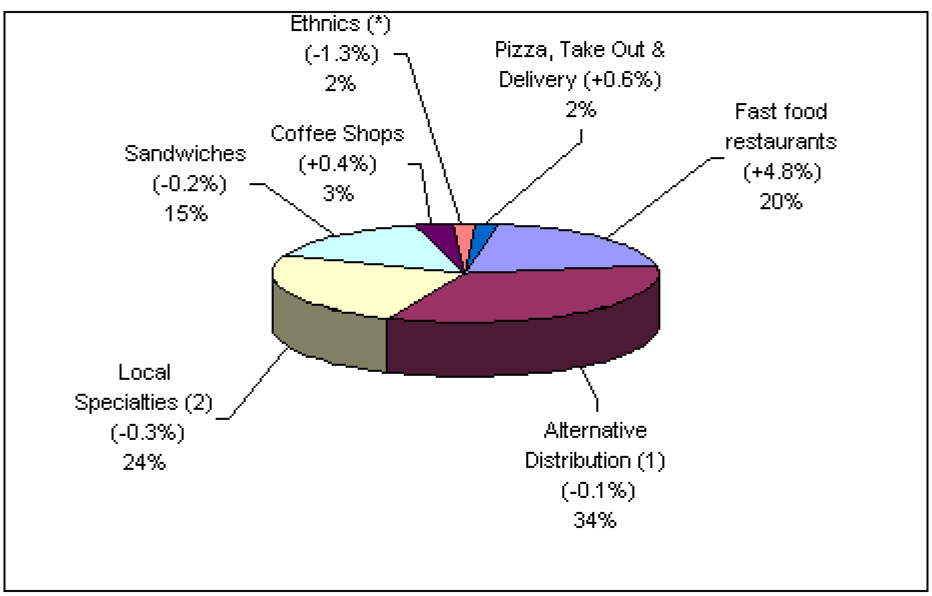
1. Key Macro-Economic Factors Driving Demand in France for Fast Foods:

Despite the financial slowdown, fast food sales increased 0.8 percent in 2008, taking market share from traditional restaurants, especially for lunch. All fast food segments, including snack and sandwich sales, represent 72.5 percent of total HRI food service sector sales. New concepts, innovative products and higher quality products have resulted in a better image for the fast food segment. The following factors have fueled growth in the French fast food market:

- Growing urban population;
- Increase in the number of working people;
- Trend toward reduction in length of meal times;
- Decline in consumption of traditional lunches at home;
- Growth in the availability and range of ready-to-eat products;
- Reduced purchasing power resulting in change of habits favoring more fast food at lunchtime and even at dinner for single households.

2. The Fast Food Sector in France:

Market Share per Outlet Type, and Percentage Change 2008/2007 (in Parenthesis)



(*) Ex: Kebab, Indian, Chinese

(1) Alternative Circuits: Gas station, caterers, Supermarkets, grocery stores

(2) Bakeries and cafeterias
Source: NDP Panel Crest

Top 10 Companies in the French Fast Food Sector

Groups/Brands	Total ($1,000)	Sales ($1000)	% Change 2008/2007	Total Outlets	Total Outlets
	2008	2007		2008	2007
McDonald’s Corporation (McDonald’s)	4,832	4,075	+18.6	1134	1109
Financiere Quick (SAS Quick)	1,072	976	+9.8	354	337
Groupe Holder (334 Paul, 24 Saint Preux)	405	364	+11.2	358	348
Elior/Eliance Restauration rapide (Pomme de Pain, Cafe Route, Station Sandwich, Phileas, Quick …)	404	329	+22.7	378	359
Groupe Yum (73 KFC, 90 Pizza Hut)	395	369	+7.0	163	148
Autogrill (Cia, Spizzico, Pain a la Ligne, Time Cafe, Foodissimo, PastGo, …)	350	316	+10.7	523	510
Groupe Le Duff (La Brioche Doree, Le Fournil de Pierre)	319	293	+8.8	349	333
La Mie Caline (La Mie Caline)	180	146	+23.2	174	164
Lagardere (Relais H Cafe, Relay)	143	122	+17.2	192	189
Domino’z Pizza Entreprise (Domino’z Pizza)	129	93	+38.7	146	126

Source: Neo Restauration Magazine Estimates

3. **Key Figures for the Fast Food, Snacks and Sandwich:**

With total sales of 6.5 million euros ($9.5 billion) in 2008, the top 40 fast food companies experienced ten percent sales increase, compared to 2007, and opened 262 new restaurants. The economic crisis as well as French consumers reducing the time spent for meals has fueled demand in this sector. According to market analysts, two types of fast food catering dominated this market in 2008: (1) American type fast food: Hamburger, chicken and delivered pizza, which increased an average 11 percent (+10.74 percent for McDonald’s, +42 percent for KFC, +28.67 percent for Domino’s); and (2) snacking and sandwich outlets which increased by an average of six percent.

The Sandwich Market: A Booming Segment

In 2008, approximately 1.8 billion sandwiches were sold in France at an average price of 3.39 euros. This is a booming market segment, which showed an increase of 11 percent sales in 2008, compared to the previous year.

Currently in France, 8 sandwiches are consumed for each hamburger consumed, while pizzas and pastas are even more popular. Historically, sandwiches were only available in bars, but now can be found in many distribution outlets and almost all locations offering food products, for example: bakeries, stores, supermarkets, etc. France is still closely tied to tradition: In 2008, 2 out of 3 sandwiches were made with cheese and ham, and 64 percent were served on “baguette” bread.

4. **Key Strategies for the French Fast Food/Snacks & Sandwich:**

- Adapt to the market, which is sub-segmented by theme and price;
- Provide low-cost product to adjust to reduced purchasing power;
- Increase efficiency and rapidity of service to optimize sales;
- Increase variety of self-service products offered.

5. **Fast Food/Snacks and Sandwich: Advantages, Opportunities and Challenges Facing U.S. Products in France**

Advantages/Opportunities	**Challenges**
The United States offers a variety of new innovative products	Domestic and intra-EU imports dominate the supply chain
Changing lifestyles, demographic changes and the economic crisis fuel growth in the fast food and alternate distribution outlets in single portion format	Adapt U.S. products to French consumers' needs regarding price, practicality, variety, quality and packaging
Weakness of the U.S. dollar vis a vis the Euro benefits U.S. products	Price competition is fierce
French consumers demand quality, innovative, healthy products	U.S. suppliers adapt products to French consumers' tastes and expectations
Fast food chains, theme restaurants, and the food processing industry are increasing demand for American food products	Certain ingredients are banned or restricted from the French market

6. **What Changed in 2008 Compared to Previous Years in the French Fast Food/Sandwich and Snack Industry?:**

a. Consumer behavior evolved rapidly: 2 out of 3 French consumers have lunch outside traditional restaurants.

b. Purchase locations deeply modified: Historically, the sandwich was consumed at bars "cafe du coin", you can now buy sandwiches in:

- Traditional outlets (58 percent market share);
- Caterers, including bakeries (14 percent market share);
- Supermarkets, gas stations, automatic distributors (28 percent market share).

c. While industrial sandwiches are increasing market share thanks to very dynamic manufacturers (Sodebo and Daunat), the demand for "homemade" sandwiches is also likely to increase.

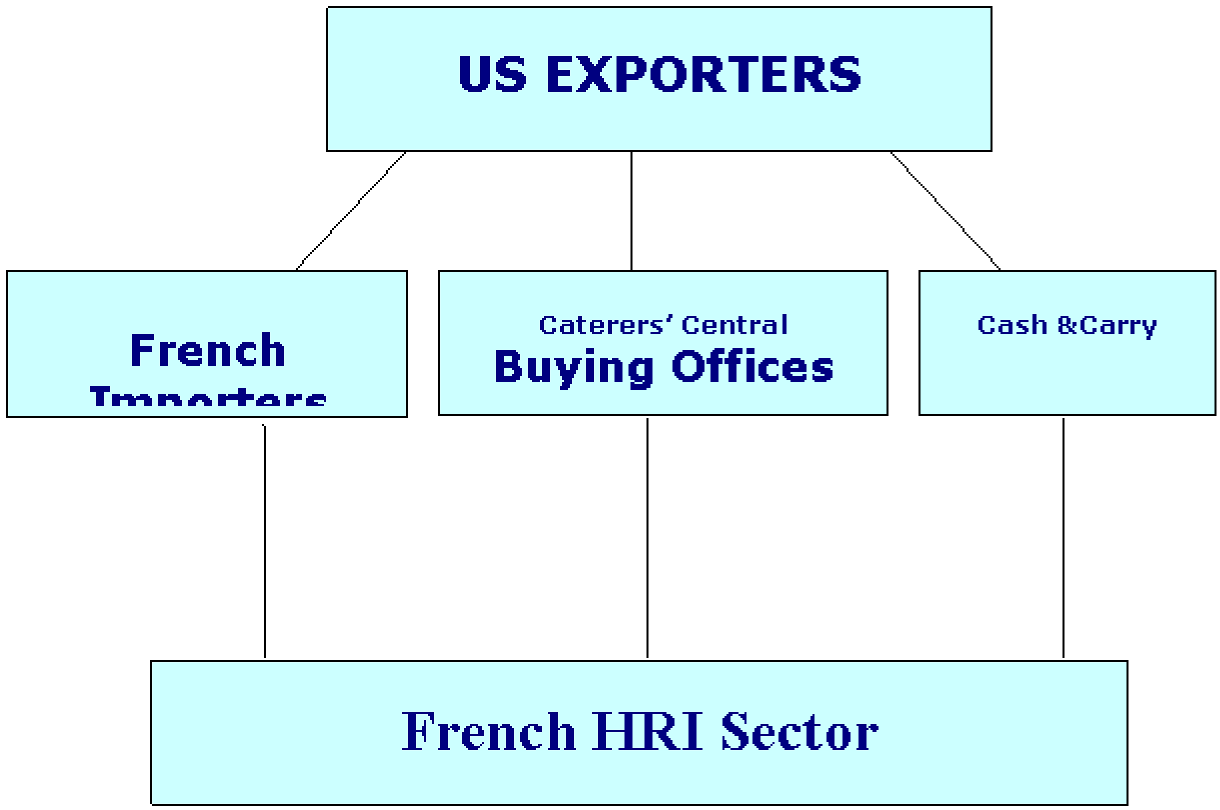
d. Supermarkets in city-centers (Daily Monop, etc.) offer fast food at low prices.

e. Fast food is losing its negative image.

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Entry Strategy

The diagram below indicates product flow in this market segment.



The alternative distribution outlets (gas station, caterers, supermarkets, small grocery stores), and sandwich outlets (sandwicheries), dominate the fast food sector, with 49 percent market share, and some 45,000 points of sale in France. These points of sale are operated by companies and large corporations or franchises with central buying offices or, for the majority, through cash and 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, and the food service sector, (i.e., restaurants and restaurant chains). Cash & carry vendors offer 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 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 refrigerator/freezer trucks for deliveries. They buy from processing companies, foreign exporters or importers.

2. Market Access

U.S. exporters should consider the financial strength, number and location of outlets, product diversification and purchasing policy of the business when targeting major outlets. In addition, U.S. exporters should consider the following in formulating their entry strategy:

- Check EU and French regulations, e.g., hormone-free meat, biotech regulations, etc., and carefully verify the acceptability of each product's ingredients and additives. For information on EU regulations, visit the following website:

http://useu.usmission.gov/agri/

  - It is also noted that France prohibits the import of products made with enriched flour.

  - Check EU and French food safety requirements: EU adopted the framework regulation EC/178/2002 laying down general principles and requirements of EU food law: http://useu.usmission.gov/agri/

And France food safety requirements can be found at: http://www.frenchfoodsafety.com/

- 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, who can promote and distribute U.S. products to the carry-out food and snacking sector, and who order small volumes on a regular basis.

- You may also refer to the EU and France Food and Agricultural Import Regulations Report (FAIRS) that you may find at the following websites:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Forms/AllItems.aspx?SortField=LinkFilenameNoMenu&SortDir=Asc&View=%7bCE460CDC%2d9581%2d4832%2dA97A%2d840CC53E9D68%7d

The FAIRS Export Certificate Report for EU-27 and France can also be viewed at:
http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

3. Duties and Labeling/Packaging Requirements

Import Duties

The EU applies import duties (which differ according to the type of product), plus variable levies to sugar, milk-fat and milk protein content in the product. The exact amount of duties can be obtained from your importer, your freight forwarder or directly from French Customs which determines the final classification of a product. For additional information, please visit the French customs website at: http://www.douane.gouv.fr/

In addition to the tariff rates, a value-added tax (VAT) of 5 percent is imposed on all processed and non-processed food products.

Basic Labeling/Packaging/Ingredient Requirements

Labels must be written in French and include the following information:

- Product definition
- Shelf life: Indicate "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 their specific group name or "E" number
- Product's country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

Note that additional information on labeling requirements, including allergen, nutritional/health claims and trade/labeling restrictions related to biotechnology may be found in Post and EU reports:

http://www.fas.usda.gov/gainfiles/200708/146291922.pdf
http://www.fas.usda.gov/gainfiles/200808/146295548.pdf

SECTION III. BEST PRODUCT PROSPECTS

The sector uses imported products if local alternatives cannot be found. Niche opportunities for U.S. suppliers exist for a range of diverse products such as pizzas, confectionary and chocolate products, nutritional bars, snack foods, bagels, wraps, ice creams, fruit juices and soft drinks (including flavored spring waters), chips and crisps, dried fruits and nuts, fresh fruits including exotic fruits and vegetables for vacuum packaging, beef jerky, soups, and all kinds of finger foods and convenience foods, provided they are innovative, and offer attractive packaging. The ready to eat market in France also provides opportunities for hot drinks (coffee, tea, etc.).

The new trend in France is:

- Veggie restaurant/salad restaurant where you can choose and compose your own meals.
- Italian type panini with different kinds of bread.
- In general, new products healthy, low calorie and tasty.

SECTION IV. TRADE SHOWS AND POST CONTACTS AND FURTHER INFORMATION

FAS/Paris recommends the following major European and international trade shows in France featuring fast food, sandwich and snacks:

Trade Show (International and European)

SIRHA 2011
International Hotel Catering and Food Trade Exhibition
Eurexpo – Lyon, France
January 22-26, 2011

Organizer: B-For International
Tel: 540 287 5780
Contact: Bjorn Bieneck
Email: bbieneck@exhibitpro.com
www. Sirha.fr

EUROPEAN SANDWICH & SNACK SHOW
International Show
Palais des Congrès de Paris – Porte Maillot
February 10-11, 2010
Organizer : Reed Exositions France
Tel : (33 1) 47 56 21 85
Contact: Jean-Baptiste Honoré
Email: jean-baptiste.honore@reedexpo.fr
www. Sandwichshows.com

MDD - DISTRIBUTION
Salon International des Marques Distributeurs Alimentaires
The International Private Label Food Trade Show in France including Ethnic and Halal foods
Parc Expo - Paris Porte de Versailles
March 25-26, 2009
and March 29-30, 2010
Organizer: Emap-Agor
Tel: (33 5) 53 36 78 78
Contact: Gilles Ferrod
Email: gferrod@emap-agor.fr
www. mdd-expo.com

VAE EXPO - Specialized in Ready-to-Eat and Snacks -
Le Salon de la Vente a Emporter et de la Restauration Urbaine et Nomade
Paris Expo - Porte de Versailles
September 23-24, 2009
And September 2010
Organizer: ComExposium
Tel: (33 1) 76 77 11 11
Fax: (33 1) 76 77 12 12
Contact: Catherine Benhammou
email: cbenhammou@exposium.fr

SALON INTERNATIONAL DE L'ALIMENTATION
SIAL - International Food and Beverage Trade Show (USDA endorsed)
October 17-21, 2010

Parc des Expositions - Paris-Nord Villepinte
Organizer: Imex Management
Tel: (704) 365 0041
Fax: (704) 365 8426
Contact: Kelly Wheatley
Email: kellyw@imexmgt.com
www.sial.fr

Post Contacts and Further Information

The Office of Agricultural Affairs of the American Emnbassy in Paris can supply any U.S. company with the complete list, addresses, telephone/fax numbers, Emails and contact names of the major players in the Food to Go and Snacking sector.

Office of Agricultural Affairs
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08, France
Tel: (33 1) 43 12 2264
Fax: (33 1) 43 12 2662
Email: agparis@fas.usda.gov
internet: www.amb-usa.fr/fas/fas.htm

For more information on exporting U.S. food products to France, visit our homepage. For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page of the U.S. Department of Agriculture at:

http://fas.usda.gov/

Reports identified below are relevant and complementary information to this report for France:

Report Number	Name	Hot Link
FR9016	Retail Food Sector Annual	http://gain.fas.usda.gov/Recent%20GAIN%20Publications/RETAIL%20FOOD%20SECTOR_Paris_France_7-17-2009.pdf
FR7023	Food & Agricultural Import Regulations and Standards Annual	http://www.fas.usda.gov/gainfiles/200708/146291922.pdf
FR70	U.S.	http://www.fas.usda.gov/gainfiles/200712/146293360.pdf

41	Opportunities in France’s Ready to Eat & Snack Market	
FR9013	HRI Food Service Sector	http://gain.fas.usda.gov/Recent%20GAIN%20Publications/HRI%20FOOD%20SERVICE%20SECTOR_Paris_France_7-20-2009.pdf
FR8018	Exporter Guide	http://www.fas.usda.gov/gainfiles/200810/146296124.pdf
FR8019	Nuts	http://www.fas.usda.gov/gainfiles/200812/146306812.pdf
FR8027	Sweet & Savory Snacks	http://www.fas.usda.gov/gainfiles/200812/146306952.pdf
FR8028	Dried Fruit	http://www.fas.usda.gov/gainfiles/200812/146306964.pdf
FR8029	Non-Alcoholic Beverages	http://www.fas.usda.gov/gainfiles/200812/146306963.pdf
FR8030	Sauces, Condiments & Dressings	http://www.fas.usda.gov/gainfiles/200812/146306965.pdf