USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 4/21/2004

GAIN Report Number: FR4017

France

HRI Food Service Sector

Annual Report

2004

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Report Highlights:
Trade sources estimate the total food service market in France to be worth $62 billion, serving over 9 billion meals per year. Commercial catering (restaurants, hotels and resorts, cafeterias, brasseries, cafes and fast foods) dominates the sector with 72 percent of the market. Institutional catering (education, healthcare, business catering, schools, hospitals, air and sea catering) represents 28 percent of the market. The food service sector is an open, highly competitive market in France offering U.S. suppliers opportunities for a variety of reasonably-priced, high quality and innovative products such as fresh and frozen fish and seafood, bison meat, dressings and seasonings, canned fruits and vegetables, alcoholic beverages including wine, and frozen ethnic/U.S. regional foods.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Paris [FR1]
[FR]

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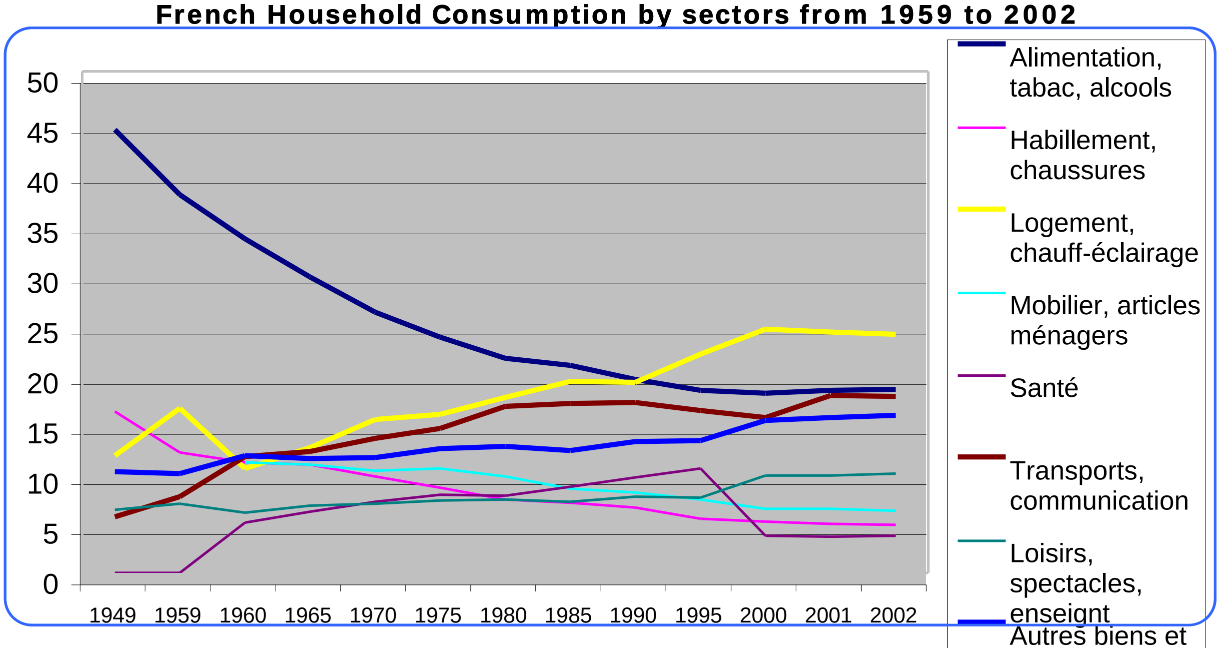
SECTION I. MARKET SUMMARY

Note: Exchange rates used in this report are as follows:
Calendar Year 1999: USD 1 = 0.9386 Euros
Calendar Year 2000: USD 1 = 1.0854 Euros
Calendar Year 2001: USD 1 = 1.1175 Euros
Calendar Year 2002: USD 1 = 1.0626 Euros
(Source: Central Intelligence Agency Fact Book)

1. France in Profile:

With a total area of 551,000 square kilometers, excluding its overseas departments and territories, France is the largest Western European country. In July 2003, the French National Institute for Statistics (INSEE) reported France's population to be approximately 60.1 million. Also, according to INSEE, France ranks first in Europe, third in the world in overall expenditures on food and related items after the United States and Japan. In 2002, France's total Gross Domestic Product (GDP) expressed in purchasing power parity was $1.6 billion with a per capita GDP of $26,000. French household expenses for food as a percentage decreased from 33 percent in 1960 to 18.3 percent in 2002. The current number of households in France is approximately 24.9 million; it is expected to increase by an average of 228,000 households per year until 2010, while the average number of persons per household steadily decreases from 2.57 in 1991 to 2.39 in 2003.

French Household Consumption by sectors from 1959 to 2002



Source: French National Institute for Statistics (INSEE)
Translation of above:
Alimentation, tabac, alcools=Food, Tobacco and Alcohol; Habillement chaussures=Clothes and shoes; Logement, chauffage-eclairage=Lodging, heating and lighting; Mobilier, articles menagers=Furniture, household applicances; Sante=Healthcare; Transports, communication=Transportation, communication; Loisirs, enseignement=Leisure, education.

2. France's Food Service Sector Overview:

France has a large and highly fragmented food service sector with a large number of small to medium-sized players. During calendar year 2002, the French Hotel, Restaurant and Institution (HRI) food service sector served approximately 9 billion meals worth approximately 66 billion Euros ($62 billion), chiefly in two sub-sectors:

- Commercial catering; including restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, and fast food outlets, including street vendors.

  In 2002, this sector's total sales were 47.6 billion Euros ($44.7 million) with 5 billion meals served.

- Institutional catering; including education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering.

  In 2002, this sector's total sales were 18.4 billion Euros ($17.3 billion) with 4 billion meals served.

The table below provides trade estimates of the structure of the food service market today:

Structure of Food Service Market (Estimated Sales of $62 billion)	
Cafes, Snacks, Brasseries	38%
Traditional Restaurants, incl. chains	35%
Hotels with Restaurants	13%
Fast Food, incl. street vendors	10%
Institutional Contracts	4%
Total	100%

The food service sector is supplied by both domestic and imported product. The table below shows the size of the food service sector, based on trade estimates:

Size of French Food Service Sector

	Estimated Sales* (Billion Dollars)	**Growth Rates (%)**
1999	46.3	
2000	48.9	5.6
2001	51.4	5.1
2002	62.0	20.6

Source: Estimates provided by trade sources

The table below provides trade estimates of the future growth rate in the food service sector:

Future Growth Rate of the Retail Food and Beverage Sector

	2003	2004	2005
Restaurants	6.5%	6%	6%
Hotels and resorts	N/A (*)	N/A (*)	N/A (*)
Other (fast foods incl nomad foods, cafes, snacks, brasseries)	N/A (*)	N/A (*)	N/A (*)
Institutional catering	6%	6%	6%

(*): Very slow growth expected but no reliable forecast available
Source: Neo-Restauration and Trade estimates

In 2003, the restaurant and institutional catering sectors are expected to grow at an annual rate of six percent through 2005; however, the world economic situation and generally slow growth in France and the European Union threaten growth in this relatively insulated sector. The tourism and commercial catering sectors have been hurt by decreased visitation across all groups, particularly from the United States and Asia. Europeans traveled less in 2002 and French domestic travel also decreased after years of increasing due to the implementation of the 35 hours workweek.

3. Key Macro-Economic Factors Driving Demand in France's Food Service Market:

- An aging population (20 percent over 60 years old) boosts the institutional sector's health and senior citizens centers/facilities.
- Shrinking average household size fuels the catering services. The French household has an average of 1.8 children.
- Greater urbanization draws people to the cities where they more frequently eat out.
- Changing eating patterns: a growing number of people eat 5 to 6 times a day outside of the home instead of the traditional three meals a day.
- Growing workforce participation rate among women (40 percent of the working population) has raised the frequency of eating out and use of catering services.
- Decline in the number of working hours has freed up more time for leisure and related activities.
- Increasing independence of French teenagers to choose what foods they eat, increasing interest in fast foods, including snacks and ethnic foods.

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

Advantages/Opportunities	Challenges
The French food service sector has been growing over the twenty past years, currently growing at a rate of six percent per year, it is forecast to reach 95 billion Euros within the next ten years.	The French “food culture” is very strong and dominates the French food sector output. Local products and those originating from other EU countries dominate the supply of food and beverages. Therefore, U.S. suppliers need to offer high-quality and innovative alternatives.
Relative weakness of the U.S. dollar low rate vis-a-vis the Euro should benefit U.S. products.	Price competition is fierce and U.S. exporters to France must comply with French/European standards and regulations.

European and French fish/seafood catch is decreasing and imports from all over the world are increasing	**Fierce competition places enormous pressure on suppliers not only for fish/seafood but also for all other foods. Thereby, they must deal with many requirements such as food safety, registration fees, logistical constraints, ISO norms and labeling regulations.**
France is Europe's leading meat consumer, looking for natural and lean meat	Necessity for U.S. suppliers to comply with European and French regulations and supply only hormone-free meat.

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Commercial Catering:

The commercial catering sector dominates the food service market in France accounting for 72 percent of the food service market. Trade sources estimate the commercial catering sector to be worth 47.6 billion Euros ($44.7 billion) with about 5 billion meals served annually. The sector is made up of:

- Traditional restaurants including chains: This sector includes individual proprietor restaurants, multi-restaurant companies and large corporations. It is estimated to represent 35 percent of the total food service market. A large number of these restaurants, in Paris, around Paris and in major French cities are medium/high end restaurants serving a large range of traditional food, although an increasing number specialize in serving exotic cuisine from Asia, Africa and America. Restaurant chains represent 18.6 percent of the commercial catering market and are growing at a faster rate than the independent restaurants with 300 new outlets opened in 2002.

  Customers are middle/high income families, business clients, tourists, and the affluent French young. Customers frequent this category of restaurant to dine in style and comfort and to have access the best and most sophisticated culinary standards in the country.

- Hotels and resorts with restaurants: Operated by individual proprietors, companies or large corporations and estimated to have around 13 percent of the total food service market with 17,383 restaurants. In general, the French do not frequent hotels for their restaurants, except for dinner when traveling or for a small number of luxury hotels, high to top class well-known restaurants, classified by famous guides such as "Michelin" or "Gault & Millau". These restaurants serve a large range of traditional or ethnic foods.

  Leisure parks: France has about 50 leisure parks, three world-class (Disneyland Resorts Paris, Futuroscope and Parc Asterix). Disneyland Resorts Paris receives 13 million visitors annually with food sales of 230 million Euros ($216 million) and is the leading leisure park in France serving 28 million meals and snacks yearly. Disneyland Resorts Paris has its own central buying office.

The second largest leisure park in France is Futuroscope serving 2.9 million meals per year and third is Park Asterix serving 1.2 million meals yearly. Futuroscope and Asterix have their own buying offices. Asterix, a French history themed park, serves only traditional and neo-traditional French food.

- Cafeterias, Cafes and Brasseries: Operated by individual proprietors, companies or large corporations, they are estimated to have around 38 percent of the total food service market. These outlets serve sandwiches or a quick lunch at reasonable prices to customers who are mainly workers, young business people and students. Food sales in Pizzerias increased 5.5 percent in 2002, compared to the previous year, this sector is very price competitive.

- Fast food outlets, including street vendors: Operated by companies and large corporations, these outlets represent ten percent of the total food service market. Food sales in U.S.-style fast food restaurants, led by McDonald's and followed by Quick, a distant second, are still rising in France. French fast food outlets that offer typically French food such as baguette sandwiches, quiches and salads, are on the rise as well. The French fast food sector, headed by Brioche Dorée and Paul is growing faster than sales in the non-French sector. Most U.S.-style fast food restaurants and restaurant chains buy their food in France and Europe. For example, 95 percent of McDonald's food purchases are made in Europe.

  Customers that tend to frequent fast food outlets in France are low to middle income workers, families, teenagers, young adults, students and grand parents with their grand children.

1.1 Company Profiles:

The tables below provide information on the major groups involved in the commercial catering sector:

Categories of Commercial Catering, number of outlets and total sales In Calendar Year 2002

Category	Number of outlets	Total sales i(In Million $)	Sales Percentage Change 2002/2001
Traditional Restaurants	72,000	N/A	N/A
"Bistrots" and "Cafes Restaurants"	44,000	N/A	N/A
Fish/seafood type restaurants	97	129	+2.9
Theme restaurants	502	477	+0.6
Pizzerias	204	261	+5.5
Grills	519	675	+11.0
US-Style Fast Food	1,310	2,519	+8.4
French Fast Food	1,653	666	+10.7
Cafeterias	639	852	-0.4

N/A = Not Available
Source: Gira Sic Conseil

Leaders in the Commercial Catering sector in France in Calendar Year 2002

Rank	**Groups**	**2002 Sales (In Million $)**	**Sales % Change 2002/2001**	**Number of Outlets**
1	McDonald's France	1,978	+9.9	974
2	France Quick	517	+2.0	319
3	Agapes Restauration	474	+1.1	250
4	Servair (Air Catering)	452	+22.7	65
5	Eliance	437	-1.7	672
6	Groupe Flo	361	-1.5	153
7	Buffalo Grill SA	352	+7.4	258
8	Casino Cafeteria	283	-0.7	226
9	Groupe Le Duff	269	+9.5	403
10	Accor	185	+0.1	N/A
11	Eurodisney SCA	184	+7.8	68
12	Autogrill	154	+6.1	318
13	Brasseries Kronenbourg	153	+1.6	83
14	Groupe Holder	151	+3.0	265
15	Yum	139	+5.6	147
16	Compass SSP	126	+9.0	N/A
17	Bar & Co.	119	--	169
18	Serare SAS	113	+12.5	136
19	Groupe Bertrand CHR9	102	+4.4	53
20	PJB Holding	123	+2.9	24

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

Commercial Catering in France: Leading Groups and Brands In Calendar Year 2002

Groups	Brands
McDonald's France	McDonald's
France Quick	Quick
Agapes Restauration	Flunch, Pizza Pai, Amarine
Servair (air catering)	Servair
Eliance	Arche, Boeuf Jardinier, Jules Verne, Drouant, Phileas, Greenwich, Pomme de Pain
Groupe Flo	Brasseries Flo, Petit Bofinger, Hippopotamus, Flo Prestige, Bistro Romain
Buffalo Grill SA	Buffalo Grill
Casino Cafeterias	Cafeterias Casino, Cœurs de ble, Monoprix
Groupe Le Duff	Brioche Doree, Pizza Del Arte
Accor	Lenotre, Wagons Lits
Eurodisney SCA	Disneyland Paris
Autogrill	Autogrill
Brasseries Kronenbourg	Tavernes, Comptoirs de Maitre Kanter
Groupe Holder	Paul, St Preux, Laduree
Yum	Pizza Hut, KFC
Compass SSP	Salmon House, Cafe Select, Scappucci, Upper Crust, Tarte Julie, Ritazza Caffe, Le Train Bleu
Bar & Co	Au Bureau, Irish Corner, Cafe Leffe, Brussel's Cafe, Hoegaarden Cafe, etc.
Serare SAS	Courtepaille
Groupe Bertrand CHR9	Restaurants a Themes, Bert's, Eris
PJB Holding	Brasseries, Chez Clement

Source: Neo-Restauration Magazine

Fast Food Segment in France in Calendar Year 2002:

Groups	Number of restaurants	Sales in 2002 (In Million $)	% Sales Increase 2002/2001
McDonald's France	974	1,978	+9.9
Quick France	319	517	+2.0
KFC France	19	29	+35.0
French Fast Food			
Eliance DDR	395	210	+1.0
Groupe Le Duff	315	176	+5.7
Groupe Holder	265	151	+3.0
SSP compass	145	133	+10.0
Autogrill	166	63	+12.8
La Mie Caline	114	58	+17.0
Relais H SNC	170	54	+7.8
La Croissanterie	84	30	+13.5

Source: Neo-Restauration Magazine

1.2 Entry Strategy:

The majority of the larger restaurant business, including chains, does not use a large quantity of imported food product as most offer local cuisine or only use imported products if local alternatives can not be found. However, niche opportunities for U.S. suppliers exist for a range of diverse products such as fish/seafood, exotic meats, sauces and salad dressings, a variety of food ingredients, wine, and frozen ethnic/regional food service meals in any outlet where the clientele is looking for something different, "ethnic and/or regional" cuisine.

U.S. exporters should consider the financial strength, number and location of outlets, menu diversification, and purchasing policy of the business when selecting major restaurants or chains to target. In addition, U.S. exporters should also consider the following when planning to enter this sector:

- Check EU and French regulations and safety requirements, i.e., hormone free meat, GMO's content, etc., and carefully verify the list of ingredients and additives.

- Verify the price competitiveness of product compared to local and other imported product; check customs clearance requirements and any additional import charges based on sugar, milk, fat and starch content.

- U.S. product can successfully replace some local and imported product.

- U.S. product can successfully fit into the local food cuisine. U.S. exporters will need to study this to identify opportunities available to them.

- Local agents/distributors can promote and distribute U.S. product to restaurants that order small volumes on a regular basis.

1.3 Distribution Channel:

Some Restaurant chains have their own central buying office, but most of them including traditional restaurants, as well as hotels and resorts buy either through Cash & Carry or Specialized wholesalers, the two major distribution channels for this segment.

Cash & Carry wholesalers display in large stores a wide selection of food and non food products in demand by professionals in the sector. They sell to food retailers, and the food service sector restaurants, restaurants and restaurant chains are important client. 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 75 percent of total sales in the wholesale sector.

Specialized Distributors/Wholesalers whose main activity is distribution. They have dry and cold storage facilities with refrigerated/frozen 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	Annual Sales in 2002 (In Billion $)	Number of Warehouses throughout France	Specialization
Pomona (Privately Owned)	1.81	76	Fresh Fruits and Vegetables
Aldis (Group Metro)	N/A	14	All fresh and Frozen foods, including seafood and meat
Prodirest (Group Carrefour)	N/A	25	Frozen food
Davigel (Subsidiary of Nestle)	5.56	N/A	Frozen food and seafood
Brake France (Subsidiary of Brake Bros, U.K.) (*)	0.36	N/A	Frozen food and seafood
Demarne Freres (Privately Owned)	N/A	1	Fresh/chilled and frozen fish and seafood
PRF (Privately Owned)	N/A	1	Fresh/chilled and frozen fish and seafood
Nideco Halles (Privately Owned)	N/A	1	Food products for restaurants and central buying offices
Francap	2.94	1	Buying office and wholesaler for small supermarkets and restaurants

(*) Brake purchased Carigel in 2002.
N/A: Not available
Source: Various trade estimates

Top Four Hotel & Resort Chains in France & Europe with Restaurant and Catering Services

Hotel/Resort Name	Nationality	Number of Outlets	Purchasing Sources
Accor	French	2,092 (Etap Hotel, Formule 1, Ibis, Mercure, Novotel, Sofitel)	Importers/wholesalers/direct or cash & carry
Envergure	French	900 (Bleu Marine, Campanile, Kyriad, Premiere Classe)	Importers/wholesalers/direct or cash & carry
Six Continents	U.K.	N/A (Crowne Plazza, Holiday Inn,	Importers/wholesalers/direct or cash & carry

		InterContinental)	
Choice Hotels	U.S.	484 (Clarion, Comfort Hotels, Quality)	Importers/wholesalers/direct or cash & carry

Source: La Revue HRC (hotel, Restaurant, Cafe)

2. Institutional Catering (including schools, universities, health & elderly care, company catering, air and sea catering, and others including army and prison catering):

The total institutional catering sector represents 28 percent of the food service market. Trade sources estimate the institutional catering sector to be worth 18.4 billion Euros ($17.3 billion) or approximately 4 billion meals served in 2002. This sector is made up of:

- Contract catering businesses:
  This catering segment includes company restaurants, schools and universities, hospitals, nursing and retirement homes and is dominated by specialized companies such as Sodexho, Compass, Elior, etc. French Consulting Company, Gira, estimates the contract catering business to be worth $14.6 billion. Contracted meals in this segment increased 5.2 percent annually from 1996 to 2002, and are estimated to grow another 37 percent by 2005.

- Concession Catering:
  Concession catering includes the transportation (highways, railway stations and airports) catering, as well as in-town and leisure catering (museums, exhibition and sport centers). As per Gira Consultant Company, this segment of institutional catering represents total sales of $2.7 billion (70 percent are small companies). The number of meals served in this segment of the institutional catering grew at an annual rate of 3.6 percent from 1996 to 2002 and is expected to grow at a rate of 3.9 percent annually through 2010.

  Elior group is the largest player in this segment and Compass, the second largest (mainly supplying airports), then comes Autogrill (highways and railway stations) and Horeto for 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 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 Compass Group.

2.1 Company Profiles:

The institutional catering sector in France is highly fragmented with three major players (83 percent market share), 11 medium-sized regional companies and 33 small companies. This sector has been growing at a rate of 5 percent annually since 1999. The tables below provide information on the major groups and businesses involved in the various segments of the institutional catering segment.

Major Groups & Businesses in the Institutional Catering Sector

Rank	**Group/Firm**	**Total Sales in 2002 (In Million $)**	**Sales % Change 2002/2001**	**Nbr. Of Restaurants**	**Meals Served in 2002 (In Million)**	**% Change Meals Served 2002/2001**
1	Group Sodexho France (*)	1,438	+5.1	5,335	303.2	+2.8
2	Group Elior	1,052	+3.7	3,310	234.0	--
3	Compass Group France	931	+7.7	2,819	198.6	+14.1
4	Group Score	96	+0.3	335	15.6	-2.4
5	Group API	76	+19.1	601	33.8	+17.3
6	LRP "Les Repas Parisiens"	64	+7.0	125	10.6	+7.0
7	Alsacienne de Restauration	55	+13.5	287	13.0	+1.6
8	Dupont Restauration	51	+13.3	300	15.4	+9.2
9	Ansamble	51	+1.4	244	15.7	+3.2
10	Normapro	35	+6.4	--	27.1	+4.2
11	Apetito	31	+0.6	136	11.0	+17.8
12	Multi Restauration Service	25	+14.2	81	4.6	+11.3
13	Resteco-Bretagne Rest.	19	--	69	6.8	--
14	Ascoger	15	+33.8	38	1.6	+29.2

Source: Club Restauration
(*) Includes Sodexho, Sogeres, RGC, La Normande, Siges.

Top 10 Companies in the Health and Elderly Care Segment

Sales in this sector segment totals $6 billion with 1.6 million meals served in 2002, representing 35 percent in value of the total institutional catering sector. The annual growth rate is 15.8 percent for the top 10 players. Experts estimate that the segment will grow in coming years due to the aging of the population. Opportunities exist for U.S. suppliers of frozen foods, semi-prepared foods or sides, and prepared meals.

Rank	***Group/Firm***	***Sales in 2002 (In Million $)***	***Sales % Change 2002/2001***	***Total Meals served (In Million)***	***% Changed Meals Served 2002/2001***
1	Sodexho France	351	+5.6	80.8	+4.9
2	Medirest (Compass Group)	--	--	46.3	+10.2
3	Avenance (Elior Group)	--	--	40.0	--
4	Sogeres	64	+15.8	13.2	+6.6
5	Groupe API	34	+25.4	13.3	+22.9
6	Normapro	29	+26.3	23.1	+30
7	Dupont Restauration	17	+14.8	4.5	+7.0
8	Alsacienne de Restauration	12	+18.2	3.7	+14.2
9	Amphytrion	12	+15.0	3.7	+9.9
10	Ansamble	11	+5.3	3.2	+14.0

Source: Neo-Restauration Magazine

Top 10 Companies of the Education (School and University) Segment

Sales in this segment of the Institutional catering sector total $4.7 billion, or 27 percent of the market with 1.2 million meals served in 2002. This segment grew 9.3 percent in 2002. Few opportunities exist for U.S. suppliers due to low per meal costs.

Rank	**Group/Firm**	**Total Sales in 2002 (In Million $)**	**% Change Sales 2002/2001**	**Meals Served in 2002 (In Million)**	**% Change Meals Served 2002/2001**
1	Avenance (Elior Group)	--	--	110.0	--
2	Sodexho France	250	+4.7	82.6	-1.5
3	Scolarest (Compass Group)	--	--	64.4	+12.9
4	Sogeres	91	+6.6	23.6	+8.7
5	Group API	34	+17.6	16.6	+15.1
6	Ansamble	18	+16.8	7.6	+8.0
7	Dupont Restauration	17	+11.2	6.6	+8.0
8	Apetito	9	-1.0	--	--

9	Alsacienne de Restauration	7	0.0	2.2	-3.0
10	Provence Plat	7	+18.7	2.2	+12.0

Source: Neo-Restauration Magazine

Top 10 Groups/Firms of the Company Catering Segment

Sales in this segment of the institutional catering sector total $4.2 billion, or 24 percent of the market with 0.58 million meals served in 2002. This sector shows annual growth of 15 percent as to the 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 2002 (In Million $)**	**% Change Sales 2002/2001**	**Total Meals Served in 2002 (In Million)**	**% Changed Meals served 2002/2001**
1	Avenance (Group Elior)	--	--	84.0	--
2	Eurest (Compass Group)	--	--	81.8	+7.9
3	Sodexho France	495	+3.0	78.0	+1.0
4	Sogeres	127	+5.8	23.7	+3.2
5	Group SCORE	78	+2.3	15.6	+2.4
6	Les Repas Parisiens	59	+7.6	9.6	+7.4
7	Alsacienne de Restauration	31	+13.8	7.3	+13.6
8	Multi Restauration Services	21	+16.2	3.7	+14.2
9	Ansamble	21	-10.5	4.9	-8.9
10	Groupe API	18	+11.0	3.9	+9.0

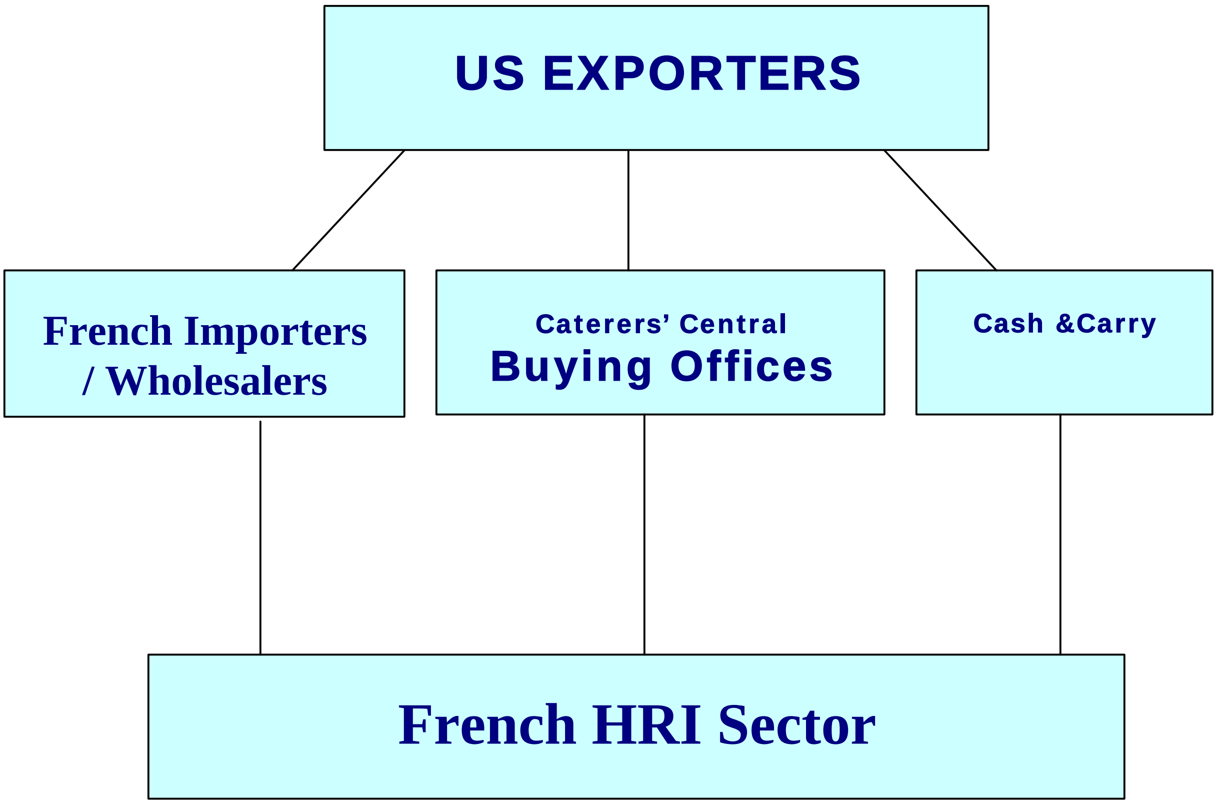
Source: Neo-Restauration Magazine

Other Institutional Catering Sector: Army and Prisons

Sales in this segment of the institutional catering sector total $2.3 billion, or 13 percent of the market with 280,000 meals served in 2002. Lack of available data, make it difficult to project annual growth and to identify any opportunities for U.S. suppliers in this segment.

2.2 Entry Strategy

The diagram below indicates product flow in this market segment.



To ensure they meet all sanitary and health requirements, major operators from the institutional catering sector often buy through central buying offices. These central buying offices are able to negotiate with potential suppliers based on specific specifications. Suppliers are selected on price, quality, and often times origin.

3. Competition in the Commercial and Institutional Sectors

The local food and beverage products dominate the food service market. Of imported product, 75 percent originates from EU countries with no duties and less regulation. The table below shows the major supply sources of imported food and beverages.

Product/Usage level by sector	Import Market Size in 2002 (in Billion $)	Major Supply Countries in 2002	Reasons for Strengths of Key Supply Countries
Fish and seafood (High usage)	3.2	U.K., Norway, Spain, 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	0.6	EU countries	Price competitive and no custom

dressings and seasonings		USA	duties. However, the U.S. is able to supply a variety of ethnic/regional sauces
Canned fruits and vegetables	0.8	West and Eastern Europe and Morocco	Price competitive. No duties for western Europe imports.
Bison meat	N/A	Canada USA	Although France is beginning to produce bison meat, Canada remains the major supplier. U.S. bison meat is less price competitive than the Canadian meat.
Wine	1.0	Italy, Spain, Portugal and New World wines, including USA.	Price competitive since no duties inside the EU. However, "exoticism" and quality create opportunities for U.S. wines.
Fruit juices	0.1	Brazil, Spain, USA	Lower prices from Brazil and Spain. However, Florida juices have a good image.
Ethnic Foods	N/A	China, Japan, India, Africa, USA	Given the growth for exotic cuisine, Tex-Mex products are growing, however, opportunities exist for other US/Regional cuisine such as Cajun.
Ready-to-eat meals	0.1	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	0.3	USA, urkey, Israel, Iran	Lower prices from key supply countries. However, U.S. products leads on almonds and pistachios.
Fresh fruits (grapefruits & Exotic fruits	0.9	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	0.2	Thailand, China, India, USA	France is a producing country. Thailand, China and India offer quality and low price products. USA rice has a premium image, is mostly exported brown to avoid higher import tariff of white rice.
Dry vegetables (peas, lentils and beans)	0.1	China, Canada, Turkey, Argentina, USA	France grows lentils but imports most of all other dry vegetables (beans, and peas). USA competitors in the sector offer lower prices. The US advantage is quality and variety.

Sources: Various trade reports

4. Best Product Prospects

Frozen foods represent 20 percent of the product used in the industry. These products need to be easy to use and unpack. Best opportunities for U.S. frozen foods in the food service sector are for fish and seafood, fruits and vegetables, frozen deserts (such as cakes and ice creams), ready-to-eat meals and ethnic/regional sides or meals and bison meat. There is also demand for salad dressings, tomato sauces and spices.

Other opportunities for U.S. suppliers include: Salad dressings, 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, rice and pulses.

5. Post Contacts and Further Information

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The Office of Agricultural Affairs of the American Embassy in Paris can supply any U.S. companies with the complete list, addresses, telephone/fax numbers, Emails and contact names of the major players in the HRI/Food Service sector. Just contact:

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For more information on exporting U.S. food products to France, visit our homepage. The Office of Agricultural Affairs homepage includes information on the Retail Food and Food Processing Sectors, U.S. Exporters Guide information, Food Agricultural Import Regulations and Standards, product briefs on the market potential for U.S. products, and upcoming promotional trade shows and fairs in France.

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:

www.fas.usda.gov