USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Retail Foods 2019

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Retail Foods

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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 two years, 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.

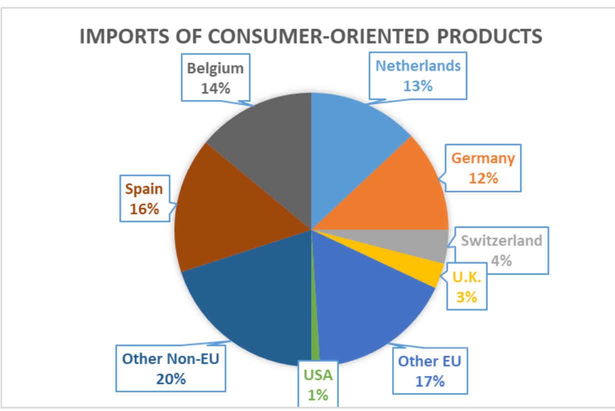
Market Fact Sheet: France

Executive Summary

With a gross domestic product (GDP) of approximately $2.78 trillion in 2018, France is the world's sixth largest industrialized economy and the European Union's third largest economy after Germany and the United Kingdom. It has substantial agricultural resources and maintains a strong manufacturing sector. France's dynamic services sector accounts for an increasing share of economic activity and has been responsible for most job creation in recent years. France is a member of the G-8 and G-20, the European Union, the World Trade Organization, and the OECD. The macroeconomic situation and key data about the French economy is available in the 2018 Exporter Guide.

Imports of Consumer-Oriented Products

During the period January-April 2019, French agricultural and food products trade surplus amounted to 3.4 billion dollars, compared to 2.5 billion dollars for the same period in 2018. Exports increased value of processed foods, as well as spirits, dairy and grain products contributed to the rise of the French trade balance for the first four months of 2019. Imports from third countries were processed foods, mainly seafood, and raw products (oilseeds and fruits), as well as distilled alcohol from China and the United States. Imports from the EU were primarily dairy, meat, vegetables, and tobacco products.



Food Processing Industry

In 2017, there were 17,647 food processing companies generating a turnover of $191 billion. The value of processed food imports increased by 5.6 percent last year. Exports in the food industry sector are ahead of other leading industrial sectors, which places France's food industry among the top three in the European Union. In 2017, the French food processing sector represented 1.7 percent of the gross domestic product (GDP).

Food Retail Industry

In 2018, 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 2018, the largest French retailers continued investing in smaller stores in city centers. The overall retail food sales in France were estimated to $366 billion, and specialized food stores at (frozen food stores, organics and open-air markets) $28 billion.

Exchange rate:
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Quick Facts CY 2018

Imports of Consumer-Oriented Products *(USD million)*
USD 42,925

List of Top 10 Growth Products in Host Country

1) Almonds	2) Pet food
3) Pistachios	4) Grapefruit
5) Wine	6) Peanuts
7) Food preparations	8) Beer
9) Sweet Potatoes	10) Sauces and seasonings

Food Industry by Channels (USD billion) 2018

Food Industry Output	222
Food Exports	73.6
Food Imports	65.5
Retail	366
Food Service	66

Food Industry Gross Sales (USD Billion) 2018
Food Industry Revenues
Food (Domestic market) USD 83.4

Top 10 Host Country Retailers

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

GDP/Population
Population *(millions)*: 67
GDP *(billions USD)*: 2,778
GDP per capita *(USD)*: 42,935

Sources: GTA, World Bank, Linéaires

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
France is one of the biggest markets in Europe with high-income levels.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Opportunities	**Threats**
A large, well-developed food-processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to France complicated.

Data and Information Sources:
Global Trade Atlas (GTA), INSEE, Linéaires, French Customs

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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. In 2018, 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 2018, the largest French retailers continued investing in smaller stores in city centers.

Food expenditures represented about 20 percent of the overall budget in 2018, 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 2018, the overall retail food sales in France were estimated to $366 billion. Hyper/supermarkets and hard discounters sell about $240 billion; neighborhood stores, including traditional grocers, $98 billion; and specialized food stores such as frozen food stores, organics and open-air markets, $28 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. In addition, consumers are more price sensitive and demanding of high-quality products. Since several years, the large retailers' emerging "drive-thru" service is on the rise, representing 6 percent of total food sales. In addition, large retailers are expanding their private labels offered as well as investing in smaller stores.

Key market drivers and consumption trends

- Increasingly focus on work productivity and the rising number of single households are driving the demand for convenient ready-to-eat meals, desserts, and baking mixes.
- Aging population and increased health consciousness of consumers is fueling the demand for health and wellness products, as well as functional food products.
- Fair trade and organic products are becoming increasingly popular. France is second largest organic market in Europe.
- Ethnic foods, health and super foods, "free from" products (e.g. gluten or lactose free), and locally grown are further trends that are attracting more and more French consumers.
- Increasing share of consumers who view their purchasing decision as a political or life-style statement (no GMO, only free-range eggs, and vegetarian or vegan diet).
- Consumers increasingly require traceability and information about production methods.

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Table 1: Advantages and Challenges

Advantages	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 are increasingly 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.

II. Road Map for Market Entry

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.

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.

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.

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.

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/

Table 2: Major Food Related Trade Shows in France

Trade Show	Description	Location
SIAL (every two years) USDA endorsed October 18-22, 2020, erich@imexmanagement.com	Leading food fair for retail trade, food service, and catering market	Paris
SIRHA January 23-27, 2021, www.gl-events.com/	World's largest trade show for food service	Lyon
Europain January 11-14, 2020, www.europain.com/en/show	International trade show for bakery and confectionery products	Paris
MADE March 17-18, 2020, www.madeparis.com/	Trade show for private labels	Paris
Sandwich and Snack Show March 29-31, 2020, www.sandwichshows.com	Trade show for snacks products	Paris
Vinexpo February 10-12, 2020, https://www.vinexpoparis.com/?lang=en	International trade show for wine and spirits	Paris

U.S. suppliers may also contact the following organizations to obtain complementary support.
State Regional Trade Groups (SRTG) are non-profit trade development organizations that help U.S. food producers and processors to enter overseas markets. They are funded by USDA/FAS and the private industry. They carry out promotional activities to increase exports of U.S. high-value food and agricultural products. For more information, contact the state regional trade group responsible for your state: https://www.fas.usda.gov/state-regional-trade-groups

The **U.S. Agricultural Export Development Council** is composed of U.S. commodity trade associations and other organizations, in addition to the SRTGs, with an interest in promoting U.S. agricultural exports. For an overview and additional information on the various Commodity Groups, you can go to www.usaedc.org. The Commodity Cooperator Groups regularly organize (reverse) trade missions, often organized around trade shows or other events. They also are excellent platforms for U.S. suppliers of food ingredients to meet with foreign buyers.

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Profiles of Top Food Retailers

Retailer Name and Outlet Type	Ownership	Sales in 2018 (in billion USD)	Location	No. of Outlets	Purchasing Agent Type
E. Leclerc (Hyper/supermarkets, convenience stores)	French	53.9	France and Europe	622	Central Buying office
Carrefour (Hyper/Supermarkets, convenience stores)	French	47.1	France and foreign countries	1,940	Importers
Inrermarche/Les Mousquetaires (Supermarkets, hard discounter, and convenience stores)	French	38.1	France and foreign countries	1,825	Central Buying Office
Systeme U (Hyper/supermarkets and convenience stores)	French	29.9	France	1,179	Direct
Groupe Casino (Hyper/supermarkets, hard discount + convenience stores)	French	22.6	France and foreign countries	2,729	Central Buying Office
Groupe Auchan (hyper/supermarkets, + convenience stores)	French	20.5	France and foreign countries	272	Direct
Lidl (Hard discounter)	German	11.8	France and Europe	1,486	Central Buying Office
Cora (Groupe Louis Delhaize) (Hyper/supermarkets)	French and Belgian	6.8	France and Europe	177	Importers
Aldi (Hard discounter)	German	4.4	France and foreign countries	880	Central Buying Office

Source: Lineaires/Panorama Trade Dimensions 2018

Major Retailers:

1. **Carrefour**: After having been the world's second largest retailer, after WalMart, and the largest in Europe for several years, since 2016 the French group Carrefour dropped to sixth in the world, and in 2018, as per Deloitte Consultant, it now ranks ninth after Amazon and Aldi Group. Created in 1959 in southeast France, Carrefour grew rapidly into international markets with stores in 30 countries (Europe, Asia, South America, and North Africa). Worldwide sales in 2018 amounted to 76 billion euros ($89.7 billion). Carrefour has supermarkets, convenience and

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city center stores, all under the name of Carrefour (Carrefour Market, Carrefour Express, Carrefour City, etc.) depending on their location.

2. **E. Leclerc**: Since 2016, the company remains the top retailer in France beating out Carrefour. Most of its stores are hypermarkets. Leclerc is present in Europe and sources food products through its central buying office.

3. **Intermarché**: This is a group of independents retailers with stores in Europe and foreign countries: Canada, South Africa, Switzerland, Australia and China. Most of Intermarché's outlets are supermarkets; there are a few city center stores and only 89 hypermarkets.

4. **Groupe Auchan**: This is a family company owned by the Mulliez family and the Schiever Group. Auchan is present in 12 countries.

5. **Systeme U:** This is the fourth largest retailer in France in terms of sales and the fifth largest retailer in terms of stores. 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.

6. **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 20 percent of the total hard discounters in France.

7. **Cora**: The retailer is part of the Belgium group Louis Delhaize and has hypermarket/supermarket stores in France and Europe. Cora buys products through Provera their Central Buying Office that sources food products from importers.

8. **Grand Frais**: this is a network of 221small to medium stores. 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 2018 were $2.2 million. Grand Frais works directly with importers.

9. **Costco:** In June 2017, the U.S. retailer 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.

Convenience Stores:
They 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 2018, there were approximately 8,600 outlets affiliated with large retailers such as Carrefour, Casino and Intermarché. Their number is expected to continue rising in coming years with more new concept stores.

Other Type of Retailers:
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 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.

- Picard Surgelés is the leading frozen food retailer in France for home consumption, with a 30 percent market share, 1004 outlets throughout France and sales in 2018 valued at $1.7 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.
- 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 2018, Toupargel sales were $288 million. Toupargel offers opportunities primarily for U.S. suppliers of fish and seafood.
- Biocoop is a network of specialized organic, fair trade and ecological products including food and non-food products. Biocoop has 560 stores throughout France and total sales in 2018 amounted to $1.4 billion. Biocoop sources its products through different buying offices.

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.

Overall Competitive Situation facing U.S. Suppliers, Calendar Year 2018

Product Category and Imports from the United States	Main Suppliers in Percentage	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Fish and Seafood 54,265 tons $257 million	A. Norway (15 %) B. United Kingdom (10%) C. China	Norway dominates the market. The U.K. is also a strong supplier to France, mainly for the food service market. France imports from China panga fish sold in frozen fillet at Carrefour or Picard.	Local resources in fish and seafood do not satisfy increasing demand. The United States is a major supplier to France, especially for frozen

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	(6%) USA – Major supplier (6% share)		pollock, cod and salmon, live lobsters, frozen rays, dogfish and scallops.
Fruit and Nuts, 36,958 tons $231.5 million	A. Spain (35%) B. Italy (6%) C. Ivory Coast (7%) USA – Minor supplier (1% share)	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. Ivory Coast is a supplier of fruits and bananas and has many French subsidiary companies.	Locally, there are very marginal local production for nuts and citrus and none for tropical fruits. France is only a producer of walnuts mainly for national consumption. France is an attractive market for the USA, but the competition is tough.
Canned and prepared meat and fish 273 tons $9.3 million	A. Germany (21%) B. Spain (13%) C. Belgium (8%) USA – Minor supplier (0.1% share)	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.
Preparations of fruits, vegetables, nuts, including jams, fruit purees and fruit juices. 12,094 tons $54.9 million	Belgium and Netherlands (23%) Spain (16%) Germany (13%) USA – Minor supplier (1% share)	Belgium & Netherlands dominate the market with preparation of vegetables other than tomatoes (Italy and Spain). Spain supplies France with prepared fruits, fruit juices, and nuts; and Germany with mushrooms, as well as fruit juices. Spain and Brazil also export fruit juices to France.	There are approximately 1,100 local companies in the sector of canned fruits and vegetables, including a few major groups and regional canners. France is not a producer of fruit juices except for a few home-style/small-scale production products.
Prepared foods including	Germany (33%) Belgium	Spain, Belgium and Germany dominate the market with sauces/condiments/seasonings and	Demand for interesting natural or exotic flavors as well as health and wellness

sauces, condiments, seasonings, mustards and ice creams 6,067 tons $49.5 million	(23%) Italy (20%) Spain (25%) USA – Minor supplier (1.1% share)	mustards. Italy supplies soups, and ice creams. Most of the imports from the United States are sauces, condiments and dressings.	products should provide opportunities for U.S. suppliers of sauces/ condiments/seasonings.
Snacks (potato and cereal based) 237 tons $1.8 million	Germany (18%) Spain (16%) United Kingdom (7%) USA – Minor supplier (0.2%)	Germany, Spain and the UK dominates the market with branded products. Spain offers exotic flavors.	A few local companies and some multinational firms operate in the market.
Beverages, including wines, spirits and alcohols 399 MHL $239.3 million	U.K. (24%) Italy (10%) Germany (8%) USA – Medium supplier (5% share)	The UK and Germany dominates the market with branded spirits. Italy supplies wine to France.	France is world's largest wine producer with Italy. However, a niche market exists in France for third country wines.
Pulses 18,240 tons $29.2 million	China (17%) USA (7%) Canada (29%) 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. The United States supplies mainly beans and lentils.	France's production of pulses represents 25% of total domestic need.
Cereals Net import: 6,583 tons $22 million	Germany (24%) Italy (9.5%) Spain (9%) USA –	Germany dominates the market with corn, followed by Ukraine, Bulgaria and Romania. Italy dominates the market with rice immediately followed by Thailand and Spain. The United States is 12th	Very small rice production in south of France. Corn is second vegetable production in France, after wheat, and represents 10% of the total agricultural

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	minor supplier (0.4% share)	French supplier for corn and 14th for rice.	production area.

Source: Global Trade Atlas /French Customs

IV. Best Product Prospects

Products identified as opportunities for U.S. Suppliers

- Fish and seafood: salmon, cod, lobster, scallops. Please see report for more information
- Citrus fruits and Nuts: grapefruit, almonds, pistachios, and other nuts
- Salted and sweet snacks, confectionary products
- Spices, sauces, seasoning
- Wine and other alcoholic beverages
- Carbonated drinks, juices
- Pulses
- Canned fruit/vegetables, marmalade.

Products not present in significant quantities but that have good sales potential

- Energy drinks, 7 percent growth and market valued in 2017 at USD 1.6 billion
- Organic foods, 15 percent growth and market valued at USD 11.4 billion
- Kosher foods, 14 percent growth and market estimated at USD 0.6 billion
- Halal foods, 6 percent growth and market estimated at USD 8.5 million

Products not present because they face significant trade barriers

- Vitamin-enriched flour
- Meat products with hormones and poultry products
- Biotech-derived products that are not approved in the EU

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).

V. Post Contact and Further Information

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:

U.S. Department of Agriculture, Foreign Agricultural Service

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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.

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