Required Report: Required - Public Distribution **Date:** January 11, 2023

Report Number: FR2022-0017

Report Name: Food Service - Hotel Restaurant Institutional

Country: France

Post: Paris

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Laurent J Journo

Approved By: David Leishman

Report Highlights:

With 91 million visitors in 2019, France is one of the world's leading tourist destinations. Tourism accounted for 7.5 percent of GDP, providing employment to 1.5 million people. In 2020, the COVID-19 pandemic reduced the flow of visitors by almost 55 percent, triggering a loss of nearly 160,000 jobs. The Hotel, Restaurant, and Institutional (HRI) sector saw a decrease in total sales revenue to $64 billion, a 30 percent decline from the previous year. Hotels and restaurants represent the largest share of this sector ($40.5 billion). During the pandemic, fast-food proved to be the most resilient segment as many customers turned to "click and collect" and home delivery formats. These formats are continuing to expand in many restaurants, especially in urban areas. Within specific market niches there are many opportunities for U.S. products. These are highlighted in the report. In 2023, the French HRI Sector is expected to fully recover to pre-pandemic levels.

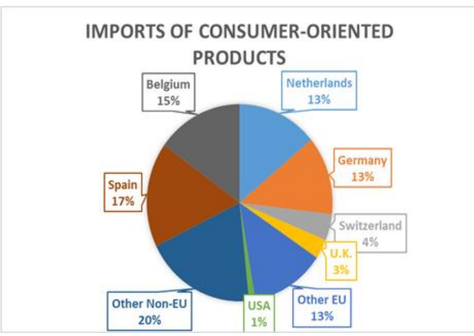
Market Fact Sheet: France

EXECUTIVE SUMMARY

In 2021, Gross domestic product (GDP) increased by 6.8 percent from 2020 to $2.93 trillion, rebounding from the 7.8 percent decline due to COVID-19. Preliminary data for 2022 and 2023 indicate a zero growth in GDP. France remains the world's seventh largest economy and is the second largest in the EU after Germany.

IMPORTS OF CONSUMER-ORIENTED PRODUCTS

Primary imports from outside the EU include oilseeds, fruit, and distilled spirits. Imports from the EU are primarily meat, dairy, and vegetables. France has a positive trade balance in agricultural and food products, reaching $14.4 billion in 2020. French imports from the United States reached $1.5 billion in 2021, led by tree nuts, alcoholic beverages, and seafood.



FOOD PROCESSING INDUSTRY

France's food processing sector encompasses approximately 15,500 companies with total annual sales exceeding $215 billion. Small and medium sized enterprises (SMEs) account for almost 98 percent of this industry. It is a leading sector of the French economy with a strong reputation for quality and innovation.

FOOD RETAIL INDUSTRY

In 2021, almost 75 percent of all retail food sales in France were in the hyper-supermarket and discount store format. Non-traditional retailers have experienced significant growth and success during the COVID pandemic. E-commerce food sales increased by more than 40 percent compared to 2019, and now represent almost 8 percent of total retailer food sales.

Quick Facts CY 2021

Imports of Consumer-Oriented Products *(USD billion)* 51**

List of Top 10 Growth Products in Host Country

Almonds, pet food, pistachios, grapefruit, wine, peanuts, food preparations, beer, sweet potatoes, sauces, and seasonings.

Food Industry by Channels (USD billion)

Food Industry Output	215
Food and Ag. Exports	89.5
Food and Ag. Imports	71.4
Retail	394
Food Service	62

Top 10 Host Country Retailers

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

GDP/Population

Population *(millions)*: 67.8
GDP *(billions USD)*: 2.93
GDP per capita *(USD)*: 45,187
**This figure does not include U.S. products exported to France transshipped through other EU countries.
Sources: TDM, World Bank, Linéaires

Strengths	Weaknesses
France is one of the largest consumer markets in Europe	U.S. exporters face competition from EU FTA partners who benefit from tariff-free market access.
Opportunities	**Challenges**
A large, well-developed food-processing industry seeking a wide range of ingredients.	Non-tariff barriers including can complicate the process for exporting to France.

Contact : FAS Paris, France
AgParis@fas.usda.gov

COVID-19 IMPACT ON SECTOR

The information contained in this report reflects changes due to the COVID-19 pandemic which triggered a 7.9 percent contraction in GDP to $2.62 trillion in 2020. This has been the worst recession in France since World War II. According to the French Institute for Statistics and Economic Studies (INSEE), the public deficit reached 9.2 percent of GDP, which increased the overall public debt to 115.7 percent of GDP in 2020. The pandemic sidelined many French Government economic and structural reforms. Traditional restaurants were among the most affected categories in the food sector. However, since Spring 2021, with increasing vaccination rates, the food service is recovering; most experts are predicting a full recovery in 2023. Food nationalism is growing trend as many government officials and media outlets increasingly champion the "Buy French" messaging. Still, as France remains very reliant on agricultural trade (with large surplus production in products like wine and wheat), France has to tread very carefully in its pursuit of strictly nationalist trade policies.

I. MARKET SUMMARY

France's HRI sector recorded $64 billion in sales revenue in 2020, a 30 percent decrease from the previous year. Hotels and restaurants account for approximately 63 percent of sales ($40.5 billion), while institutional food service represents the remaining 37 percent ($23.5 billion). Prior to the COVID-19 crisis, the French food service industry comprised of approximately 300,000 registered companies, including more than 120,000 independent and small family-owned restaurants. While there are still no official estimates on how the pandemic has impacted HRI, industry observers suggests that at least 15 percent of cafes, hotels, restaurants, and nightclubs were bankrupt by end of 2021.

France's HRI sector is comprised of:

●*Hotels and Restaurants:*
This includes traditional restaurants (privately-owned individual restaurants or restaurant chains), hotels and resorts with restaurants, leisure parks, cafeterias, cafes, brasseries, fast food outlets including street vendors, and delivered catering.

●*Institutions:*
Institutional catering includes eating establishments in educational institutions, healthcare, business catering, factory restaurants, as well as catering for air and sea travel. The HRI sector is highly developed in France, with diverse establishments that offer a wide range of choices. Most large restaurants, including restaurant chains, offer local foods, but they also use imported products when local options are not available or are too expensive. Restaurants that serve international cuisine are generally more likely to use imported food products. In this sector, there are many niche opportunities for U.S. products including fish/seafood, meat, sauces, salad dressings, rice, wine, fruit juices and frozen foods. Ethnic and/or regionally focused foods also have wide appeal especially in large urban areas. In commercial catering, there is a growing focus on healthy foods, ease in preparation, and the use of technology for ordering and delivering. Sandwich and bakery products remain very popular and there is increasing demand for breakfast catering.

In 2020 and 2021, traditional restaurants were significantly affected by the COVID-19 pandemic. Conservative estimates suggest a 50 percent loss in sales and foot-traffic. Compared to other countries like the UK, restaurant delivery mechanisms in France were relatively underdeveloped. Fast food outlets were an exception as they quickly expanded takeaway and home delivery sales. Home delivery increased by 25 percent in 2020 compared to previous year. In 2021, the home delivery segment continued to grow even as customers returned to the in-dining experience. The number of home delivery options has expanded significantly thanks to delivery services like Frichti, FoodChéri, Deliveroo, Uber Eats, Alorsfaim (Mywaysia), Mazeh and Tiptoque.

Strengths/Weaknesses/Opportunities/Challenges

Strengths/Weaknesses	Opportunities/Challenges
The HRI sector is growing. France is the number one tourist destination worldwide.	Domestic and intra-EU products have significant home market advantages in the French HRI sector.
Growing demand for fast food mainly during lunchtime. Suppliers may find a niche such as soups, fruit juices, and sodas.	Working with fast food sector requires efficient delivery mechanisms and often long-term strategic relationships through centralized procurement.
Despite weakening purchasing power, French households continue to prioritize food purchases.	Price-conscious consumers are very focused on value.
Weakening Euro exchange rate against the U.S. dollar disadvantages U.S. products.	Price competition is fierce among suppliers.
Decreasing European and French seafood supplies offer opportunities for U.S. products. France is Europe's leading beef consumer, primarily for high quality hormone-free lean cuts.	U.S. Suppliers must comply with European and French regulations on food safety, labelling regulations, and the ban on hormone treated beef.
American type fast foods and American style meals dinners, as well as regional cuisine, like BBQ and Cajun are increasingly popular in France.	U.S. food products are often subject to many negative stereotypes. U.S. suppliers need to invest in educating consumers.

II. ROAD MAP FOR MARKET STRATEGY

1. *The Distribution Channel*

U.S. products can enter the French market through a number of different channels. Selection of the most appropriate distribution channel will ultimately depend on the type of product and target market. In general terms, companies will employ one of the following options:

▪ **Option 1: Cash & Carry**. Companies that specialize in cash & carry wholesale distribution build a catalogue or an inventory of imported food and non-food products. These wholesale companies sell to retailers, food service institutions and restaurant. The cash & carry option offers variety, competitive prices, immediate product availability and extended operating hours. France's largest cash & carry companies are Metro (the French subsidiary of the German Metro AG) and Promocash (a subsidiary of Carrefour). Together, these two companies represent more than 75 percent of sales in the French wholesale sector.

▪ **Option 2: Specialized Distributors/Wholesale.** Specialized companies dedicated to distribution in the food sector typically have dry and/or cold storage facilities with a specialized trucking fleet for deliveries. These companies buy from local importers or directly from foreign suppliers. They typically serve clients in the catering sector.

▪ **Option 3: Direct-Sales**: Direct sales to end-users is very rare and is generally limited to high volume customers such as fast-food or hotel chains. While non-EU exporters can engage in direct end-user sales, it is generally advisable to work with a local agent as paperwork and licensing can be very complicated and could require periodic troubleshooting.

French distributors should handle customs, quarantine, and licensing procedures for imported foods. Some distributors will employ the services of an import agent, which others will complete the necessary paperwork themselves. U.S. exporters are advised to work closely with reputable and experienced local partners to ensure full adherence to EU and French regulations, including the preparation of all the necessary documentation. For more information, please refer to the FAIRS Report.

Table 1: Major Specialized Distributors/Wholesalers for the Food Service Sector

Name of Wholesaler/Distributor	Specialization
Groupe Pomona (Privately Owned)	Fresh and frozen foods including fresh fruits and vegetables
Metro Cash & Carry France	Fresh and frozen foods
Transgourmet (French subsidiary of Transgourmet Holding: Group Coop, Swiss group)	Fresh and frozen foods, including seafood and meat as well as frozen food (Prodirest)
France Frais	Fresh produce, frozen/dry and organic foods
C10	Beverages including wines
Distri boissons	Beverages including wines
Sysco France (merge of Davigel and Brake France)	Frozen food and seafood
Martin Brower France	All foods including frozen specialized fast foods
Demarne Freres (privately owned)	Fresh/chilled and frozen fish and seafood
Francap Distribution (group of independents)	Buying office and wholesaler for small supermarkets and restaurants

Source: Néo-Restauration Magazine

2. *Tailoring to the Market*

Education is a critical component of the market entry strategy, especially when the product and/or the producer are unknown. Education can include seminars and product demonstrations. Collaboration with local partners in HRI promotions (i.e., with chef demonstrations, menu promotions, kitchen or in-store promotions can help develop product awareness. As general guidance, U.S. exporters are encouraged to:

● Take time to study the market. It is critical to understand the target audience and the prospective users before you enter the market.
● Evaluate the price and quality competitiveness of the product vis-à-vis local and other imported products
● Verify that the product is fully compliant with EU and French regulatory requirements, including customs and clearance requirements. Additional import charges may be required based on sugar, milk, fat, and starch content.

● Product launch and positioning in the market is very context dependent. Consider geography and seasonality, including opportunities to promote during specific holidays or festivals.
● Be prepared to tell the story of your product. Consumers in France tend to be very focused on product authenticity, placing significant value on quality and reputation. Natural and organic products continue to be very popular.

3. *Trade Shows in France*

The U.S. Department of Agriculture endorses the U.S. Pavilion at the Salon International de l'Alimentation (SIAL Paris). SIAL Paris takes place every two years in Paris and the next edition will be held again October 19-23, 2024. For HRI, the leading international event is SIRHA (Salon International de la Restauration, de l'Hotellerie et de l'Alimentation) which takes place in Lyon every two years. The next edition will be January 19-23, 2023. In 2022, SIRHA was one of the first large trade shows to resume activities following the COVID-19 pandemic. More than 2,000 exhibitors and 150,000 visitors gathered in Lyon to showcase the best of world cuisine.

4. *Distribution and Sector Profiles*

Hotels and Resorts:

According to the French National Institute of Statistics and Economic Studies (INSEE), France is the world's number one destination for tourism. In 2019, prior to the COVID-19 pandemic, over 87 million visitors came to France. While the number of foreign visitors dropped significantly in 2020, the French tourism sector has recovered to pre-crisis levels. During the third quarter of 2022, hotel occupancy in France (measured in overnight stays) was 3.2 percent higher than third quarter levels of 2019 level. Generally, upscale hotels (4 and 5 stars) performed better than budget level hotels.

On average, food service operations in hotels and resorts account for more than 25 percent of hotel revenue. While most French consumer do not frequent hotels for their restaurants, except when travelling, luxury hotels with well-known restaurants do attract a wide clientele. Famous rating guides such as "Michelin" or "Gault & Millau" are an important resource for referring clients. Most hotel restaurants purchase their food through trusted local distributors as well as cash & carry channels or specialized wholesalers. International hotels that cater to international travellers are more likely to import specialized imported products.

Table 2: Top Four Hotel & Resort Chains in France & Europe with Restaurant and Catering Services

Group Name	Nationality	Hotel Resort Name	Purchasing Sources
Accor	French	(Etap Hotel, Formule 1, Ibis, Mercure, Novotel, Sofitel, All Seasons, Pullman, Thalassa Sea & Spa, Adagio, The Sebel, MGallery)	Importers/wholesalers/direct or cash & carry
Groupe Louvre Hotels	French	(Premiere Classe, Campanile, Kyriad, Tulip In, Golden Tulip, Royal Tulip)	Importers/wholesalers/direct or cash & carry

The Intercontinental Hotels Group	Multinational (Headquarters in the U.K.)	(IHG Intercontinental, Crowne Plaza, Holiday Inn, Hua Luxe, Hotel Indigo, Even Hotels, Staybridge, Candlewood Suites)	Importers/wholesalers/direct or cash & carry

Restaurants:

With geographically large and regionally distinct markets, France has a wide range of local and regional food preferences. While restaurants that serve local cuisine continue to dominate the market, ethnic restaurants are increasingly popular, especially in large cities. There is increasing number of eating establishments that specialize in world cuisine from other parts of Europe, Asia, Africa and even the Americas. Generally, small independent restaurants source their products from local retailers and markets.

Important facts:

● As a result of the COVID-19 pandemic, economic activity in France, measured by GDP, declined by 7.9 percent in 2020. Restaurants were profoundly affected by lock downs and restrictions on in-restaurant dining. While the economy has rebounded, the French food service sector is not likely to fully recover before 2023. Even then, many restaurants have been forced to close permanently.
● Restaurants are increasingly highlighting production methods and product origin for marketing purposes.
● The “click and collect” and home delivery services will continue to expand even as fears of COVID-19 recede.
● Bakery shops continue to be very popular both in large and medium cities, and they are contributing to a new dynamism in the food service sector. New concept stores offer hybrid options between fast food and healthy formats, including purely vegetarian or vegan restaurants.
●Fast-food formats continue to dominate in the food service market, particularly in urban centers. New concept restaurants dedicated to world cuisine currently account for almost 15 percent of the food service sector. Opportunities abound for Asian, African, and American cuisine.

Institutional Food Service:

French institutional food service traditionally comprises hospitals, nursing homes, the armed forces, prisons, schools, factory and office cafeterias and catering for rail, air, and sea transportation. Most institutional food service providers are small scale and represent a relatively small share of the food market. Market experts, estimate that institutional food services accounted for approximately $23.5 billion in revenue in 2020, a decline of 17 percent from 2019. Transportation, school, and business catering services were significantly affected by the COVID-19 pandemic. While conditions substantially improved in 2022, most experts predict that a full recovery will not happen before the latter half of 2023. Institutional catering is working to readapt to new administrative, technical, and logistical challenges such as an increase in teleworking and home-based care. Institutional catering operators generally purchase food through centralized offices to ensure traceability and full adherence to sanitary and health regulations. Central offices negotiate with suppliers to meet specific requirements. Very often, suppliers are selected based on price competitiveness rather than quality.

III. BEST PRODUCT PROSPECTS CATEGORIES

U.S. food exporters are generally advised to focus on top quality products for the French market. Despite some persistent negative stereotypes (i.e., with GMOs, high fructose corn syrup, hormones, pathogen reduction treatments etc…) U.S. foods are generally attractive. However, price is often a limiting factor. With this in mind, U.S. exporters can target niche market opportunities, where U.S. products, especially regional products, are distinctly unique.

Food Trends: Fast-Good/Fast-Casual

Consumers looking for street food options are increasing, especially in urban centers. In addition to traditional hamburgers, pizzas and fries, there is an expanding range of options with salads, sushi, sandwiches, wraps and buddha bowls. Many consumers are looking for healthy fast-food options; organic, local, and seasonal options are especially attractive. These are called fast-casual. Food trucks are also popular with increasingly diverse food choices like veggie, vegan, gluten-free, lactose-free, etc… For new creative and healthy options, consumers are often willing to pay a premium.

In both traditional restaurant and fast-food segments, there are opportunities for U.S. super foods with strong nutritional values. Tree nuts, cranberries, gluten-free and organic products are generally in high demand. According to some estimates, over the last 3 years, nearly half of all French consumers have reduced meat consumption. When purchasing meat, French consumers are showing a clear preference for quality. Transparency is also very important to the French consumer. Buyers want to know the origin of products; they are keen to know how the products are produced and processed. This offers tremendous opportunities to introduce regional U.S. cuisines. “TexMex” food is already quite popular with restaurants like "Pepperico" and "Paris Texas", with Cajun restaurants, and with Texas-style BBQ as presented in the restaurant chain "Melt".

Best Opportunities:

1. Fish and seafood
2. Beef and bison meat
3. Fruits and vegetables
4. Frozen desserts (such as cakes and ice creams)
5. Ready-to-eat meals and ethnic/regional sides or meals
6. Fruit juices and soft drinks (including flavoured spring waters)
7. Dried fruits and nuts
8. Fresh fruits including grapefruits and exotic fruits, and vegetables
9. Snack foods
10. Soups
11. Breakfast cereals
12. Pulses
13. Salad dressings and tomato sauce
14. Spices

IV. COMPETITION

Domestic food and beverage products dominate the French HRI sector. Seventy-five percent of imports originate from EU member countries.
The table below shows the sources of imported food and beverages:

Table 3: Competition Chart

Product	Total	Foreign Major Suppliers	Market Summary

	Import Market Size, 2021 (In Billion Dollars)	Market Share in 2021	
Fish and Seafood	4.9	Norway (15%), United Kingdom (13%), Spain (6%), China (4%), and USA (4%)	Norway and U.K. are both very price competitive. The United States mainly supplies frozen pollock, cod, scallops and salmon
Sauces, Salad Dressings and Seasonings	0.1	EU countries (78%), Switzerland (2%), United Kingdom (4%), and USA (1.5%)	Price competitive and no custom duties for EU suppliers. However, the U.S. can supply a variety of ethnic/regional sauces.
Canned Fruits and Vegetables	4.2	West and Eastern Europe (81%), Morocco (2%), United Kingdom (1%), and USA (0.7%)	Price competitive. No duties for EU imports.
Wine and Beer	0.1	Italy (20%), Spain (29%), Portugal (12%) and New World wines (22%) including USA (10%)	Price competitive since no duties inside the EU. "Exoticism" and quality create opportunities for US wines.
Fruit Juices	1.2	Spain (19%), Brazil (11%), Israel (0.7%), and the USA (0.6%)	Lower prices from Brazil and Spain. However, Florida juices have a good reputation.
Dried Fruits and Nuts	6.3	Spain (32%), Israel (3%), Turkey (4%), Morocco (5%) and USA (3.5%)	Lower prices from key supply countries. However, U.S. products dominate in almonds and pistachios.
Fresh Fruits (including grapefruits and exotic fruits)	1.4	Spain (64%), South Africa (9%), Brazil (2%), Italy (3%), and USA (0.6%)	Preference is given to EU suppliers and neighbourhood countries having special tariff rates. However, Florida grapefruit is a market favourite.

Source: Trade Sources and Trade Data Monitor/French Customs

V. POST CONTACT AND FURTHER INFORMATION

For further information contact:
Office of Agricultural Affairs
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08
Tel: (33-1) 43 12 2245
Fax: (33-1) 43 12 2662
Email: agparis@fas.usda.gov
Homepage: http://www.usda-france.fr

.

Attachments:

No Attachments