

French Cuisine Still a Haven for Connoisseurs

By Roselyne Gauthier

France's 60 million residents, with a per capita income of \$18,609 in 2003, spent 18.3 percent of their household income that year on foods.

They spend more on foods than any other people in Europe, a frank confirmation of a continuing tradition of fine cuisine. They also enjoy meals out, which helps support France's \$62-billion-a-year HRI (hotel, restaurant and institutional) sector.

Nine Billion Meals a Year

France's large and highly diversified food service sector has many small- and medium-sized players. During calendar 2002, the sector served 9 billion meals worth \$62 billion in the two subsectors of commercial and institutional catering.

Commercial catering accounted for 5 billion meals and took in \$44.7 billion in sales, or 72 percent of the sector as a whole. It includes restaurants, hotels and resorts, leisure parks, cafeterias, cafés, brasseries and fast-food outlets (including street vendors).

At 38 percent of sales, cafeterias, cafés and brasseries make up the largest commercial catering segment and are very price-competitive. They serve sandwiches and quick lunches at reasonable prices to customers who are mainly young business people, other workers and students.

Traditional restaurants and chains represent 35 percent of commercial catering. While still serving a large range of traditional foods, more are trending toward



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ethnic cuisines from Asia, Africa and the United States.

Chains are growing at a faster rate than independent restaurants. Customers include middle- and high-income families, business people, tourists and affluent French youth.

Hotel and resort restaurants make up about 13 percent of commercial catering and usually serve domestic travelers and tourists. However, French gourmets do

frequent well-known hotel restaurants rated by famous travel guides. These restaurants serve traditional and ethnic foods.

Fast-food outlets and street vendors represent 10 percent of the commercial catering segment. McDonald's leads fast-food sales, with France's Quick chain a distant second. Customers include low- and middle-income workers, families, teenagers, young adults and students.

Institutional contracts make up 4 percent of the commercial catering food service pie. This includes 50 leisure parks that serve 32 million meals a year, some with their own purchasing offices.

Most U.S.-style restaurants and chains buy their food in France or other European countries, as do most other large restaurants and chains. But niche opportunities for U.S. suppliers exist for a range of products, including seafood, exotic meats, sauces and salad dressings, food ingredients, wines and frozen ethnic foods.

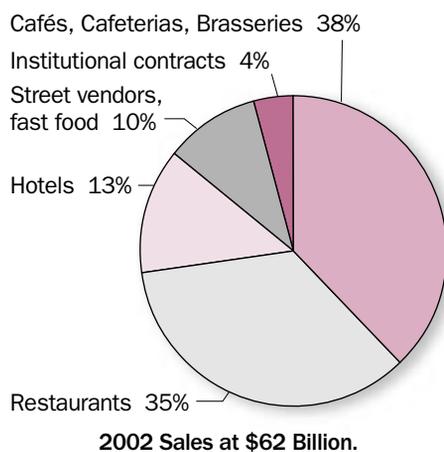
Some restaurant chains have their own buying offices. Most buy either through cash-and-carries or specialized wholesalers.

Institutional catering, with a 28-percent share of the food service market, includes education, factory, health and

Rewards Can Outweigh Challenges

Opportunities	Challenges
Steady growth rate for the food service sector means \$113 billion worth of sales within 10 years.	French "food culture" dominates food sector output with emphasis on local products; 75 percent of imports originate from other EU (European Union) countries.
Strong euro benefits U.S. products.	Price competition is fierce.
European fleet catch is declining; fish and seafood imports are increasing.	U.S. suppliers must comply with complex regulations and standards.
France is Europe's leading meat consumer, preferring natural, lean meats.	U.S. beef must comply with EU nonhormone-treated cattle program.

Cafés Edge Out Restaurants in French Commercial Catering



elder care and business facilities; the military and prisons; and air and sea catering.

Institutional catering has been growing 5 percent yearly since 1999. Three sub-sectors served 4 billion meals worth \$17.3 billion in 2002.

- Contract catering businesses include company restaurants, schools and universities, hospitals, and nursing and retirement homes. Contracted meals in



this segment averaged a 5.2-percent annual increase from 1996 to 2002.

- Concession catering includes services provided aboard transportation and in towns, as well as leisure catering, which includes museums and exhibition and sports centers. The annual average growth rate of 3.6 percent in recent years is expected to increase to 3.9 percent.
- Most of the food purchases for air and sea catering are domestic. Servair is the major supplier for the segment.

Demographics Assure Growth

In 2003, the total HRI sector was expected to grow 6 percent; this yearly rate is expected to continue through 2010 with a number of factors driving increased demand:

- Over 20 percent of France's population is over 60, which boosts meals served at senior citizens' facilities.
- Now with an average 1.8 children, decreasing household size reduces the need for meals served at home and correspondingly boosts catering demand, with more women eating in the workplace and children eating at school.
- Greater urbanization draws people to the cities, where they eat out more frequently.
- Eating patterns are changing as a growing number of people eat five or six times daily instead of the traditional three meals.
- A growing workforce with more women (40 percent of the working population) has raised the frequency of eating out.
- A decline in work hours has freed up more time for leisure-related activities.
- Increasing independence among French teenagers has led to more inter-

Vive l'Occasion!

Frozen foods represent 20 percent of the products used in the French food service industry. The best opportunities for U.S. frozen foods include:

- Fish and seafood
- Bison meat
- Fruits and vegetables
- Frozen desserts
- Ready-to-eat meals
- Ethnic sides or meals

Other good prospects for U.S. suppliers include:

- Salad dressings, tomato sauces and spices
- Fruit juices and soft drinks (including flavored water)
- Dried fruits
- Fresh fruits, including grapefruit and tropical items
- Vegetables
- Snack foods
- Tree nuts
- Soups
- Breakfast cereals
- Rice and edible dried beans

est in fast foods, including snacks and ethnic foods.

- France's 24.9 million households are expected to expand 228,000 per year until 2010. ■

The author is an agricultural marketing specialist with the FAS Office of Agricultural Affairs at the U.S. Embassy, Paris, France. Tél.: (011-33-1) 4312-2264; Fax: (011-33-1) 4312-2662; E-mail: agparis@usda.gov

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