

Reaching France's Retail Food System

By Roselyne Gauthier

U.S. agricultural exports to France totaled just over \$560 million in fiscal 2003, and there is potential for this number to go up, given the fact that French per capita income is close to that of the United States, and consumers are increasingly interested in foreign and exotic foods. These factors, along with other positive developments in the retail food system, strongly suggest that U.S. exporters may want to take a new look at exporting to France.

In France, supermarkets and city center stores account for 75 percent of total retail food sales. These stores have experienced dynamic growth in recent years, offering a wider selection of international products. This translates into growth opportunities for U.S. exporters.

Although France is not a major destination for U.S. agricultural exports, it provides good opportunities for U.S. exporters given the French market's similarities to that of the United States.

Latest Trends in French Food Retail

Diverse and sophisticated describe France's retail distribution system, a network very similar to that of the United States. French food retailers can be grouped into six principal formats: hypermarkets, supermarkets, hard discounters, city center stores, department stores and traditional outlets, including cash-and-carries.

The first five represent 75 percent of the country's retail food market sales, with



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a total of 33,000 outlets; the sixth, which includes neighborhood and specialized food stores, represents the remaining 25 percent of sales, with 52,300 outlets.

The French retail food sector was relatively stable in 2002. Major chains expanded the size of their existing outlets rather than creating new ones. The French government limits the number of store openings in the hyper- and supermarket categories. Only the number of discount

outlets increased with the opening of approximately 100 new stores.

According to the French Institute for Statistics, French consumers spent \$115 billion on food and beverages in 2002, or 15 percent of their household budget.

France's major retailers—Carrefour, Intermarché, Leclerc, Système U, Auchan, Casino, Cora and Group Monoprix—account for 90 percent of total retail food sector sales. They are linked to four central buying offices.

For traditional stores, such as butcher shops, bakeries and groceries, sales increased by 5 percent in 2002 compared to 2001. These stores and their buyers and importers represent an opportunity for U.S. specialty suppliers. These outlets, located in downtown areas, offer a wider selection of more sophisticated products than supermarkets.

Food Import Trends

The largest and fastest growing imports are exotic and tropical fruits, including citrus, fish and seafood, horse-meat, pork and frozen foods, including ready-to-eat meals and items such as pizza and ice cream.

Opportunities also exist for wines, fruit juices and soft drinks, canned fruits,

Imports of U.S. Food and Beverage Products by Major Categories in 2002

Imports Over \$15 Million	Imports Between \$3 and \$15 Million
Stone, tropical and citrus fruits	Strawberries
Soybeans	Dried fruits
Fish and seafood	Peanuts
Animal feeds	Canned vegetables
Fruit juices	Canned fruits
Rice	Canned fish
Corn	Sauces
Horsemeat	Biscuits
Spirits	Wines
Dried vegetables	
Tobacco	

FRENCH PER CAPITA INCOME IS CLOSE TO THAT OF THE UNITED STATES, AND CONSUMERS ARE INCREASINGLY INTERESTED IN FOREIGN AND EXOTIC FOODS.

biscuits, cookies, chocolates, teas, coffee, sauces and other prepared foods, especially ethnic or regional foods with an American image, such as Alaska seafood, and items typical of Louisiana, California and Tex-Mex cooking.

Health concerns and numerous tax increases on alcoholic beverages have decreased French consumption of alcohol while increasing demand for nonalcoholic beverages, such as mineral water and fruit juices.

Demand is rising for organic, health and diet foods among the increasingly health-conscious French consumers. A desire to return to tradition is drumming up demand for soups. The growing number of pets has stimulated demand for conventional and organic pet foods. In addition, niche markets exist for chocolate

bars and other candies, wild rice and kosher foods, for which demand has been rising for several years.

A Road Map for Market Entry

To succeed in France, a U.S. exporter needs a reputable local agent or representative. Local representatives can provide up-to-date information on business practices and stay on top of trade laws and regulations, sales leads and marketing and distribution strategies. In many instances, they also serve as importers and distributors.

The FAS Office of Agricultural Affairs in Paris maintains a list of importers and distributors. Depending on the product, a U.S. exporter can penetrate the market through a retailer's central buying office or a specialized importer or distributor.

New-to-market and niche products usually enter through importers or distributors. U.S. exporters should submit product descriptions and price quotations; provide products for laboratory testing; and ascertain sanitary and health certification and other import document requirements.

Central buying offices can register and approve suppliers, apply tariffs and ensure that products comply with French regulations. Once a product meets all the import requirements, a central buying office can include it in its product catalog, offering it to supermarket buyers who can then order the product directly.

Central buying offices manage delivery of products according to store instructions. The importer is responsible for the delivery of products to distribution centers. The trend is toward a central buying office developing a network of distribution centers.

With its highly developed food sector, France is a major producer, processor and exporter of agricultural and other food products in the EU (European Union).

In 2002, France's top foreign suppliers of food and agricultural products were the Netherlands, Belgium, Brazil, Luxembourg, Germany, Spain, the United Kingdom and Italy. Along with France itself, these countries are U.S. exporters' main competitors in this market.

Most suppliers from within the EU conduct some form of market promotion in France. Products such as fresh or preserved fruits and vegetables, wines, beer, fish and meats are commonly promoted in trade shows, advertisements and supermarkets. Non-EU countries promoting food products in France include Norway, Israel, Morocco, South Africa, Argentina, Brazil and Canada, as well as the United States.

Large U.S. and multinational companies have been in the European and French markets for a long time, and have adapted products to these markets. U.S. exporters will find existing and new market opportunities for high-value products in France. ■

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