Food and beverages - France

Summary of findings related to international market opportunities for Norwegian food and beverage products to France

Date: 14.11.2016

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1. Brief facts about the market

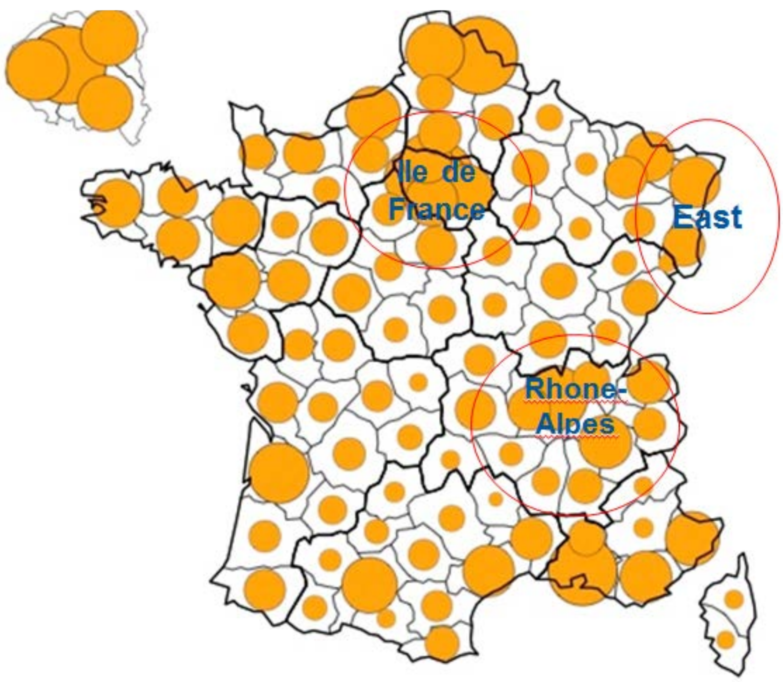
France's 65.8 million inhabitants have an average revenue similar to the rest of the EU. The average French disposable income per household was €47.300 in 2011, equal to €3.900 / 37.000 NOK per month. The French household income varies across regions, and for instance, the top 1% income earners mostly live in the Paris region.

The average revenue of France's 65,8 million inhabitants is similar to the rest of the EU, but with regional differences.

The 20 French departments to prioritize*:*

Dept #	Department	Median standard of living per household in €
75	Paris	25 711
92	Hauts-de-Seine	25 522
78	Yvelines	25 144
74	Haute-Savoie	23 658
91	Essonne	22 615
77	Seine-et-Marne	21 707
68	Haut-Rhin	21 483
31	Haute-Garonne	21 475
94	Val-de-Marne	21 359
67	Bas-Rhin	21 182
01	Ain	21 122
69	Rhône	20 953
73	Savoie	20 894
38	Isère	20 825
95	Val-d'Oise	20 548
21	Côte-d'Or	20 462
33	Gironde	20 388
44	Loire-Atlantique	20 364
45	Loiret	20 322
28	Eure-et-Loir	20 310

Comparison of income per households by department:



Source: INSEE 2012

Norway is the 19th supplier of agrifood products to France. Agrifood, fisheries and fish farming represent 42% of French imports from Norway, excluding hydrocarbons.

Food consumption habits are similar throughout Europe, but there are national and regional differences. The French eat more meat and fish than the rest of the EU, and consume 20% more alcohol than the EU average, but less tobacco. French food habits are anchored at a regional level, and can be perceived between the North/South and the East/West. The food consumption habits of each region tend to look like that of the neighboring countries and reflect local agricultural production.

Regarding eating habits, dinner is the main meal taken at home, and breakfast is becoming more important. Daily meals are prepared by women (90%), with an average preparation time of 35min. The food preparation time tends to decrease as pre-cooked and ready-made food consumption is increasing. Traditionally, the French eat a 3-course meal, but now menus tend to be composed of only a main course and a dessert. Eating habits are becoming more fragmented, and snacking is on the rise. 1 out of 5 French meals is consumed away from home, though 14% of the population never eats at restaurants.

The consumer price level in France is above the European average, though 50% lower than in Norway. The Norwegian and French populations have similar budget expenditure; French households spend 23.3% of their budget on food. The French consumer is increasingly concerned about having a diverse and healthy diet. The consumption of meat, alcohol, sugar and milk is decreasing, whereas the consumption of fruits, fish & seafood, cereals, vegetables and ice cream is increasing. The most important criteria when choosing a food article are price (60%), habit (45%), taste (38%), origin (32%), quality label (28%), Brand (22%) and information on the packaging (13%).

67% of the food expenditure is made in retail stores. However, the hypermarkets are losing market shares to the supermarkets, which are smaller, closer and more urban, and to hard-discount stores. Retailers try to reduce the price gap with hard-discount stores by launching private labels, and new store formats. The main retailers' share of the food market are: Carrefour (21,8%), E.Lerclerc (17,6%), Intermarché (13,3%), Casino (12,9%), Auchan (11,1%) and Système U (9,3%). There are 31.000 French grocery stores, with an average turnover of €5 million and on average 17 employees. The hypermarkets represent 33% of the food purchases with an average turnover of €100 million. The supermarkets stand for 32% of the food purchases, with an average turnover of €20 million.

Significant food and beverage trends

- **Global sustainable development is fostering local sustainable development**. 71% of the French want local short travelled food from small producers, more than in any other European countries, and 44 % buy seasonal products. The purchase intention is higher for a product with a local origin than for one which is national or regional.
- **Food security**. Food consumption is considered the second major health risk, following traffic accidents, which is an all-time high. Several sanitary crises like the horse meat fraud 2013 have triggered food fears related to the ingredients in the food we eat.
- **Traditional food and dishes.** The French are moving their focus from health concerns to the pleasure of eating well. Meat is popular. Restaurants serve more traditional dishes, chefs put them forward – grandma's kitchen is trendy!
- **Sharing & snacking.** Lunch boxes, tray meals and TV dinner plates are all increasing. Tapas are consumed both at home and in traditional restaurants. Afternoon snacking is increasing and is turning into a meal on its own. Alternative restaurant outlets and take-away are developing, such as; fine food stores, fast food gastronomic outlets, food trucks etc.
- **Labels, brands and ingredients are taking over.** 80 % of adults read the labels on the package. In 7 out of 10 cases the ingredient list influences the purchase decision. There is also an increasing demand for products without conservatives, food additives, E-numbers etc., taking over the place of organic food.
- **Trends like gluten & lactose free and organic products** are also developing.

2. Opportunities for Norwegian companies in France

The most significant opportunity areas for Norwegian food and beverage producers are probably within unique, non-French products like reindeer, moose, lamb (specific products), beer, specific cheese, cloud berries & Krekling, flat bread (flatbrød) and specific exciting smaller products. Attractive products on the French market are for instance seasonal products, natural products with «clean label», no food additives, no conservatives, no pesticides and non GMO. Original Norwegian raw material will stand out in a positive way. Processed products might work, but should be made with traditional recipes adapted for the French market. It is an advantage to incorporate a strong emotional dimension, like a story in line with the image of Norway. Note that Norwegian products very rarely can compete on price in the long run.

3. Challenges for Norwegian companies in France (not considering trade regulations)

Potential barriers or problems for Norwegian companies wanting to export to France may include:

- Lack of focus on the export market, especially on marketing and sales compared to production and domestic sales. Lack of adapation of product and packaging ;
- Invest as you go, don't depend exclusively on financing from one source;
- Lack of endurance, handling France «on and off»;
- Not conducting product testing;
- Lack of language and cultural knowledge, like focusing on volume and prices before product quality, and to always put forward «we're the biggest / best....» instead of passion and product knowledge;
- Underestimating the French buyer. There is a perception of the French as a «latino» and «laisser-faire». Don't expect the French will speak English. It is recommended to conduct presentations in French and to provide French information material. Don't rely on home-based translations without proofreading. Don't skip or postpone technical files, procedures, certificates, test results…;
- Logistics can drive up costs in the start-up period and cause product to get stuck in customs;
- Production costs.
- Market size, be able to deliver quantities corresponding to demand, even a niche is substantial in a market of 65+ million….

4. Recommendations to Norwegian companies considering export of food and beverages to France

Norwegian companies that want to export food and beverages to France should keep in mind the following success factors:

- A strong positioning with a product closely linked to the image of Norway;
- A unique quality product that doesn't compete with local products;
- Make export to France a priority;
- Rely on a long term strategy. Can you invest for at least three years without making money?;
- Master the logisitics;
- French-Norwegian teams with continuous presence in the market;
- Start in the high-end part of the market;
- Technical information and tests;
- Test your product and your packaging in France. Use French consumers and designers.

A strategy is to start targeting the trendsetters (restaurants, high end consumers in fine food stores, locavore) in the areas where the food interest and buying power is high. For instance, Paris, some cities in the North (boarder Luxembourg and Belgium), Champagne, Lyon area, parts of Côte d'Azur, Alsace, boarder areas to Switzerland. Stick to the «top 20» departments. Position the product by proposing a line-up of unique Norwegian agricultural products, like by using an umbrella positioning like «Powered by Nature» also for the agricultural products to maximize synergy of marketing- and sales investment.