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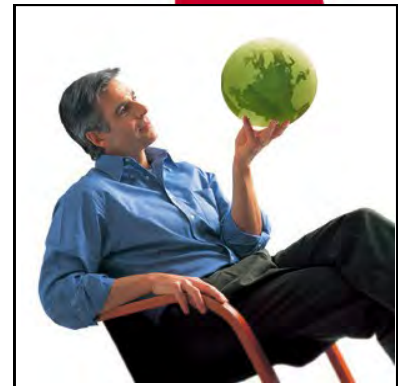
**International
Markets
Bureau**

MARKET INDICATOR REPORT | MAY 2010



Packaged Food Sales

In France





▶ **EXECUTIVE SUMMARY**

French households spend 14% of their monthly income on food products and in 2009, annual consumer expenditure on food equaled US \$189.2 billion, or 7% of gross domestic product (GDP). Sales of packaged food in France totalled US \$83.5 billion in 2009, accounting for over 44% of consumer food expenditure and making France the seventh-largest packaged food market globally. France's GDP declined by 2.3% in 2009 and consumers felt the effects of the economic downturn that began in 2008.

Despite the recession in 2009, packaged food sales still grew by 1.8%. This growth was due to demand for convenience and on-the-go products, required to accommodate lifestyle changes temporarily caused by the recession.

The global financial crisis helped private label products and discount stores increase their presence in the French market, as consumers looked for ways to save money. However, most consumers still choose supermarkets and hypermarkets for their daily shopping needs, and local farmers' markets for organic products.

An important wellness trend has spread through France and affected the packaged food industry. Consumers are looking for natural and healthy options in packaged food, that also offer convenience.

Bakery and dairy products were the most important packaged food products, as baguettes and cheese are staples of the French diet. However, the greatest anticipated growth over the period of 2009 to 2014 is expected to be ready-meals, as consumers look for convenient, healthy options.



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French consumers are increasingly buying more packaged goods, which offer both convenience and health.

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▶ TRENDS

In France, traditional cuisine is an important part of French culture and the country prides itself on its distinguished gastronomic identity. This attachment to traditional foods has enabled local farmers' products to maintain a role in the food sector, as the French are proud to support traditional, fresh, farmhouse food.

Consumers enjoy buying local, organic, farmers' products at daily markets, instead of buying organic produce at the grocery store. Price is very important to the French consumer and the organic selection in grocery stores is expensive and perceived to have a high mark-up. Therefore, consumers prefer to buy directly from the source.

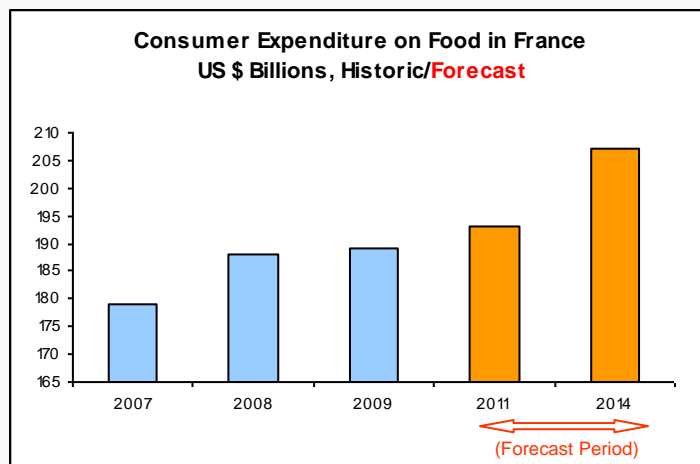
Consumers are still following the health trend that began in 2007. Increased advertising on packaged food promoting healthy living has helped raise awareness of cardiovascular disease and the importance of maintaining a healthy weight. French consumers are responding to this advertising and are choosing to live healthier lifestyles, focusing on the kinds of foods they're putting into their bodies. Shoppers are looking for products that contain less fat, sugar and salt, and are including vegetables in their diet. However, taste is an important factor for consumers and they are unwilling to compromise their taste standards.

Despite consumers choosing healthier alternatives, a contrary trend has also arisen; consumers have begun to eat more fast food and more food-to-go. This means consumers are choosing to buy products that can be consumed on-the-go and that are sold in individual portions, such as soft drinks. With the financial crisis, consumers have spent more time at work, worked longer hours, worked more than one job, and traveled farther for work. As a result, consumers are being forced to eat at work or on the road, increasing the demand for convenience and on-the-go packaged foods.

Intensifying this trend is the increasingly busy lifestyle that consumers are living. Consumers are finding they do not have time to cook a healthy meal from scratch, particularly with the increasing number of single-parent families in France. As a result, consumers are choosing foods that are convenient and quick to prepare, such as ready-meals, canned or preserved foods, and, ultimately, fast food meals. Nevertheless, these ready-to-eat foods and individual portions are expensive. So, even though consumers are looking for convenience, some will be unable to buy these products due to their tight budgets.

The loss of purchasing power felt by consumers following 2007 has created a change in distribution trends, resulting in the success of private labels. Private labels have been accepted because of their improved taste, quality, and budget-friendly appeal, in a time of financial worry. This has enabled this segment to drop the negative connotations previously associated with unbranded products.

It is expected that packaged food consumption will continue to increase at an average annual rate of 1.8% for the period of 2009 to 2014. By 2014, French consumers are expected to spend US \$207 billion on packaged food.



Source: Euromonitor

▶ **PACKAGED FOODS SALES IN FRANCE**



Market Sizes - Historic/ Forecast - Retail Value RSP - US\$ millions Fixed 2009 Exchange Rates - Value at Current Prices					
	2007	2008	2009	2011	2014
Packaged food	79729	82025.5	83475.7	87021	93729.8
Chocolate confectionery	4572.8	4685.7	4749.7	4887	5228
Sugar confectionery	1200.8	1211.7	1217	1236.3	1288.9
Gum	899.1	950.3	995.4	1081.5	1212.1
Baked goods	16620.5	16925.4	17077.6	17230.1	17771.6
Biscuits	2451.3	2541.8	2591	2663.4	2819.3
Breakfast cereals	826.3	839.7	852.6	869.5	915.3
Impulse ice cream	815.9	846.2	859.9	896.9	973
Take-home ice cream	808.1	808.5	813.1	837.7	891.4
Artisanal ice cream	526.4	529.3	534.7	557.6	612.3
Drinking milk products	3028.6	3175.8	3235.2	3349.2	3486.6
Cheese	9525.5	9678.6	9703.5	9949.6	10465.2
Yogurt and sour milk drinks	3253.3	3305	3341	3445.8	3631.2
Other dairy products	3809.8	3885	3934.4	4085.2	4281.6
Sweet and savoury snacks	1232.1	1259.6	1271	1313.3	1397.9
Snack bars	152.3	161.3	171.8	193.4	242.1
Meal replacement products	141.4	135.6	128.4	114.5	94.8
Canned/preserved ready-meals	1141.5	1183.1	1221.1	1318.8	1411.3
Frozen ready-meals	961.1	982.3	1001.9	1072.4	1221.7
Dried ready-meals	17.8	17.1	16.2	14.9	13.4
Chilled ready-meals	1153.2	1274.8	1403.8	1742.5	2364.9
Dinner mixes	56.3	58.4	59.7	65	75.9
Frozen pizza	302.6	309.3	314.7	336.9	382.4
Chilled pizza	573.5	578.7	570.8	575.7	602
Prepared salads	904.3	917.9	934.3	1016.3	1193.1
Soup	724.3	747.2	763.6	815.2	924.9
Pasta	1177.7	1229.8	1253	1313.1	1415.5
Canned/preserved meat and meat products	210.4	212.6	215.1	219.2	228.4
Canned/preserved fish/seafood	989.6	1023.1	1043.3	1072.5	1103.6
Canned/preserved vegetables	1420.9	1469	1495.3	1567.7	1672.5
Canned/preserved tomatoes	107.6	110.1	111.9	117.9	127.5
Canned/preserved beans	194	196.3	197.5	199.3	201.6
Canned/preserved fruit	437.3	469.7	499.5	568.6	678.4
Canned/preserved ready-meals	1141.5	1183.1	1221.1	1318.8	1411.3
Canned/preserved soup	10.9	10.7	10.6	10.3	10.1
Other canned/preserved food	92.1	92.7	92.8	94	95.2
Frozen processed food	3345.8	3475.8	3598.4	3924.1	4520.1
Dried processed food	1504.2	1545.5	1559.9	1604.9	1693.5
Chilled processed meats	7278.9	7537.3	7780.8	8340.7	9422.6
Chilled fish/seafood products	1342.5	1432.7	1522.5	1712.6	2040.3
Chilled lunch kit	20.1	19.3	18.5	17.6	16.1
Fresh cut fruits	13.8	15.7	18.1	24.6	40.1
Chilled ready-meals	1153.2	1274.8	1403.8	1742.5	2364.9
Chilled pizza	573.5	578.7	570.8	575.7	602
Prepared salads	904.3	917.9	934.3	1016.3	1193.1
Chilled soup	80	86	91.3	104	130.3
Chilled/fresh pasta	436.6	462.8	475	505.1	545.5
Olive oil	551.8	545.8	549.5	563.8	583
Vegetable and seed oil	532.4	539.3	538.5	531.6	528.3
Cooking fats	54.7	57	59.1	62.9	68.8
Butter	1267.3	1374.9	1348.2	1354.2	1372
Spreadable oils and fats	687	688.3	684.8	690.1	709
Sauces, dressings and condiments	2117.5	2168.3	2202.3	2297	2467.4
Milk formula	775.6	836.7	880.9	981.8	1171.5
Prepared baby food	788.1	814.6	834.1	889.6	987.5
Dried baby food	72.7	71.8	70.6	67.1	61
Jams and preserves	492	536.1	574.9	634.8	690.5
Honey	374.4	403.6	427.5	460.6	502.9
Chocolate spreads	349.2	372.3	391.4	422.2	475.9
Nut-based spreads	17.6	17.9	18.1	18.4	19.5

Source: Euromonitor

(Forecast Period)

“
PACKAGED FOOD
RETAIL SALES ARE
EXPECTED
TO REACH
US \$93 BILLION
BY THE YEAR
2014.”



▶ KEY MARKET SEGMENTS — DATA FROM 2008 TO 2009

▶ Bakery

Sales remained relatively stable, increasing slightly from US \$20.3 billion to US \$20.5 billion.

▶ Forecasts for 2009-2014

Bakery products are forecasted to stay relatively constant, growing slightly by 5% in value. Biscuits are expected to grow the most, with an increase of 9%. Breakfast cereal sales are expected to increase by 7%. Baked goods sales are expected to increase by 4%.

▶ Main Sectors 2008-2009:

Baked goods sales increased from US \$16.9 billion to US \$17.1 billion.

Biscuit sales increased from US \$2.5 billion to US \$2.6 billion.

Breakfast cereal sales increased from US \$840 million to US \$853 million.

▶ Main Producers and their French Brands

Harry's France SA was the leader in the baked goods market, holding 2.8% of the share in 2008. Its leading brand is Harry's.

LU SA held a 41.0% share of the biscuit market in 2008. Its leading brand is LU.

Kellogg Produits Alimentaires SA was the leader in the breakfast cereal market, with a 44.1% market share in 2008. Its leading brand is Kellogg's Country.

▶ Dairy

This sector's sales increased from US \$20.0 billion to US \$20.2 billion.

▶ Forecasts for 2009-2014

Dairy sales are forecast to increase by 8% in value. Yogurt is expected to increase by 9%. Cheese and drink milk product sales are expected to grow by just over 7%.

▶ Main Sectors 2008-2009:

Cheese sales remained constant at US \$9.7 billion.

Yogurt and sour milk drink sales remained steady at US \$3.3 billion.

Milk drink product sales continued at US \$3.2 billion.

▶ Main Producers and their French Brands

Lactalis Groupe was the leader in cheese, with a 20.1% market share in 2008. Its leading brand is Président.

With 42.8% of market share in 2008, Danone France SA was the leader of the yogurt market. Its leading brand is Activia.

Cedilac SA-Cie Européenne de Diffusion de Produits Lactes was the leader in the drinking milk market, holding a 17.9% share in 2008. Its leading brand is Candia.

▶ Chilled Processed Foods

This sector's sales grew from US \$12.3 billion to US \$12.8 billion.

▶ Forecasts for 2008-2013

Chilled processed foods are expected to increase by 28% in value. Fresh cut fruits are expected to show the highest growth rate at 121%. Chilled ready-meal sales are expected to increase by 69% and chilled soup sales will grow by 43%.

▶ Main Sectors 2008-2009:

Chilled processed meat sales increased from US \$7.5 billion to US \$7.8 billion.

Chilled fish/seafood product sales increased from US \$1.4 billion to US \$1.5 billion.

▶ Main Producers and their French Brands

Fleury Michon, Groupe was the leader in the chilled processed foods market, holding a 9.1% share in 2008. Its leading brand is Fleury Michon.

Madrang SA was second in the chilled processed foods market, with an 8.1% share in 2008. Its leading brand is Madrange.

Nestlé France SA was third in the chilled processed foods market, with a 6.0% share in 2008. Its leading brand is Herta.



► **Confectionery**

Sales value increased from US \$6.8 billion to US \$6.9 billion, from 2008 to 2009. The sales volume increased from 3.6 billion litres to 3.9 billion litres.

► *Forecasts for 2009-2014*

This sector's retail value is forecast to increase by 11%. Gum is expected to grow by 22%. Chocolate confectionery purchases are expected to grow by 10%. Sugar confectionery sales are expected to grow by 6%.

► *Main Sectors 2008-2009:*

Chocolate confectionery sales increased from US \$4.7 billion to US \$4.8 billion.

Sugar confectionery sales continued at US \$1.2 billion in 2009.

Gum sales increased from US \$950 million to US \$995 million.

► *Main Producers and their French Brands*

Ferrero France SA was the leader in the chocolate confectionery market with an 18.8% share in 2008. Its main brand is Kinder Surprise.

Cadbury France SA was the leader in the sugar confectionery market with a 16.3% share in 2008. Its main brand is La Pie Qui Chante.

Cadbury France SA was also the leader in the gum market with a 40.7% market share in 2008. Its main brand is Hollywood.

► **Ready-Meals**

This sector's sales increased in value from US \$5.3 billion to US \$5.5 billion, from 2008 to 2009.

► *Forecasts for 2009-2014*

Sales of ready-meals are forecast to increase by 32% in value. Sales in chilled ready-meals are expected to increase by nearly 69%. Canned/preserved ready-meal sales are expected to increase by 16%, and frozen ready-meals by 22%.

► *Main Sectors 2008-2009:*

Chilled ready-meal sales increased from US \$1.3 billion to US \$1.4 billion.

Canned/preserved ready-meals increased from US \$1.18 billion to US \$1.22 billion.

Frozen ready-meal sales increased from US \$982 million to US \$ 1.0 billion.

► *Main Producers and their French Brands*

William Saurin SA was the leading player in ready-meals and accounted for a value share of 10.3% in 2008. Its leading brand is William Saurin.

Fleury Michon Groupe was second in the ready-meals market, holding a share of 9.7% in 2008. Its leading brand is Fleury Michon.

Général Traiteur was third in the ready-meals market, holding a share of 7.1% in 2008. Its leading brand is Marie.

► **Canned/Preserved Food**

This sector's sales increased in value from US \$4.77 billion to US \$4.89 billion from 2008 to 2009.

► *Forecasts for 2009-2014*

Sales of canned/preserved vegetables are forecast to increase by 12%. Sales in canned/preserved ready-meals are expected to increase in value by 16%. Canned/preserved fish and seafood are expected to increase by 6%. Sales of canned/preserved fruit are expected to increase the most, by 36%.

► *Main Sectors 2008-2009:*

Canned/preserved vegetable sales grew from US \$1.47 billion to US \$1.5 billion.

Canned/preserved ready-meal sales grew from US \$1.18 billion to US \$1.22 billion.

Canned/preserved fish and seafood sales increased from US \$1.02 billion to US \$1.04 billion.

► *Main Producers and their French Brands*

William Saurin SA remained the leader in the canned/preserved food market, holding an 11.9% share in 2008. Its leading brand is William Saurin.

Bonduelle Group SA was second in the canned/preserved food market with an 8.4% share in 2008. It's leading brand is Bonduelle.

Paulet SA ranked third in the market of canned/preserved food, with a 4.9% share in 2008. Its brand is Petit Navire.



► **Frozen Processed Food**

This sector's sales value increased from US \$3.48 billion to US \$3.60 billion from 2008 to 2009.

► *Forecasts for 2009-2014*

Frozen processed food sales are forecast to increase in value by 26%. Frozen processed potato sales are forecast to increase by 42%. The sales of frozen vegetables are forecast to increase by 29% while frozen ready-meals should increase by 22%.

► *Main Sectors 2008-2009:*

Sales in frozen ready-meals increased from US \$982 million to US \$1.0 billion.

Frozen processed potato sales increased from US \$574 million to US \$612 million.

Frozen processed vegetable sales grew from US \$496 million to US \$521 million.

► *Main Producers and their French Brands*

Findus France SA, whose major brand is Findus, led with a 7.6% value share in the frozen processed food market in 2008.

Nestlé France SA was second in the frozen processed food market with a 7.0% share in 2008. Its main brand is Maggi.

McCain Alimentaire Sarl was third in the frozen processed food market, with 6.7% market share in 2008. Its brand is McCain.

► **Oils and Fats**

This sector's sales value decreased from US \$3.21 billion to US \$3.18 billion from 2008 to 2009.

► *Forecasts for 2009-2014*

Oils and fats sales are forecast to increase slightly by 2.5% in value. The sales value of cooking fats is expected to increase by 17% and olive oil by 6.1%.

► *Main Sectors 2008-2009:*

Sales of olive oil increased from US \$546 million to US \$550 million.

Cooking fat sales increased from US \$57 million to US \$59 million.

► *Main Producers and their French Brands*

Unilever France was the leader of the oils and fat market, with a 12.7% share in 2008. Its leading brand is Fruit d'Or.

Lesieur SAS was second in the oils and fats market, with a 11.8% share in 2008. Its leading brand is Puget.

Company Shares of Packaged Food (by Global Brand Owner) - Retail Value RSP - % breakdown

France	2004	2005	2006	2007	2008
Lactalis, Groupe	3.5	3.8	4.6	4.6	4.8
Nestlé SA	5.0	4.7	3.9	3.7	3.7
Danone, Groupe	5.6	5.4	5.3	3.7	3.4
Kraft Foods Inc.	0.6	0.6	0.6	2.4	2.3
Unilever Group	2.9	2.7	2.5	2.4	2.3
Sodiaal SA Société de Diffusion Internationale Agro-alimentaire)	2.5	2.4	2.4	2.3	2.0
Ferrero Group	1.5	1.6	1.7	1.7	1.7
Bongrain SA	1.9	1.9	1.9	1.8	1.5
Fleury Michon, Groupe	1.0	1.1	1.2	1.3	1.4
Madrang SA	1.3	1.3	1.3	1.2	1.2
Mars Inc.	0.7	0.7	0.7	0.7	1.1
Cadbury Plc	-	-	-	-	1.0
Smithfield Foods Inc	0.5	0.5	1.0	1.0	1.0
Bel, Groupe	0.9	0.9	0.9	1.0	1.0
Grupo	-	0.9	0.9	0.9	0.9

Source: Euromonitor

The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

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Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

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