

France-Food Products

Secondary Research
Document

The document provides information obtained through secondary research around the country, and food products industry to further enhance the business context

Contents

S.no	Topic	Page no
1	History and Culture	
2	Economy	
3	Market Size	
4	Customer Profile	
5	Marketing Opportunities	
6	Events effecting Food Products Consumptions	

HISTORY AND CULTURE

- Paris was founded around the end of the 3rd century BC by the Gauls who were called Parisii.
- It extends more than 105 square kilometres (about the area of Manhattan) with an estimated population of 2,165,423 (about the population of New Mexico).
- Paris has been one of the major centres of finance, diplomacy, commerce, fashion, gastronomy, science, and arts of Europe.
- Paris is often referred to as the “La Ville Lumière” which means the city of light.
- The official language of Paris is French.
- Most popular sport- football.
- The capital of Paris is France, and it also has the highest GDP per capita at \$38,625.07.
- The country boasts a 99 percent literacy rate.
- French culture is most associated with Paris, which is a centre of fashion, cuisine, art and architecture, but life outside the city of lights is very different and varies by region.
- The most famous festivals are Bastille Day, Paris Carnival, Autumn festival, Jazz Festival.
- Most consumed foods in Paris include Baguette, Croissants, Macarons, Cheese, Fish, Pizza, Ice cream, Hamburgers.

CUSTOMER PROFILE

- Most French people are attracted by online sales, e-commerce, and m-commerce (smartphone use). This practice also applies to the purchase of consumer products (primarily food), through the development of drive and home delivery services in major cities.
- "Made in France" products are gaining importance to 79% of French consumers, who believe they are participating in support of the local economy and perceive domestic products as a guarantee of quality.
- In the food sector despite a fall in prices in the recent years, the quantity of products purchased has decreased whereas quality of purchases has improved (increase in sales of organic products, labelled, vegan, local, fresh, seasonal, highlights of short circuits etc.).
- In 2017 the consumption expenditure of food products in France when compared to the total expenditure is about 13.2%.
- Regulation 1924/2006 sets conditions for the use of nutrition claims such as “low in fat” or “high in vitamin C”, as well as health claims such as “helps lower cholesterol.”
- The EU’s Audio-visual Media Services Directive limits U.S. style product placement on television to a maximum of 12-minute/hour.

- TV programs aimed at children are subject to a code of conduct that includes a limit with regards to junk food advertising.

MARKETING OPPURTUNITIES

- Television
 - About 94% of households are equipped with a television set, which is the most effective media when it comes to contribution to the act of purchase.
- Press
 - Less effective than television or radio, written press however contributes to 14% of purchases. Slightly under 2/3 of French citizens read at least one newspaper or magazine a day.
- In Transportation
 - Venues-Besides Street billboards, bus shelters, subway or railway stations, advertising appear more and more on the actual modes of transport themselves, such as personal cars, bus, train, aircrafts.
- Radio
 - Second place after television, radio advertising is the media that proves to be the most efficient to trigger the act of purchase (26% of media contact contribute to the act of purchase). Over 99% of individuals own at least one device that allows them to listen to the radio.
- Web
 - France has more than 50 million internet users. Advertising appears directly on websites; email advertising is growing but tends to get lost in the mass of spam received.
 - M-marketing (advertising by mobile phone) remains limited. Telemarketing has grown, but it is considered as factor that disturbs the tranquillity of the home rather than a service.

ECONOMY

- The economy of France is a highly developed, market-oriented economy.
- It is the world's seventh-largest economy by 2020 nominal figures and the ninth-largest economy by PPP, constituting 3.3% of world GDP.
- As of September 30, 2020, it was the 3rd largest economy of Europe
- GDP by sector:
 - Agriculture: 1.7%
 - Industry: 19.5%
 - Services: 78.8%
- Population 68,035,000 (January 2021)
- France has a diversified economy, that is dominated by the service sector (which in 2017 represented 78.8% of its GDP), whilst the industrial sector accounted for 19.5% of its GDP and the primary sector accounted for the remaining 1.7%.
France was the world's 20th country by GDP per capita with \$39,257 per inhabitant.
- Paris is a leading global city and has one of the largest city GDP in the world.

- It ranks as the first city in Europe (and 3rd worldwide) by the number of companies classified in Fortune's Fortune Global 500.
 - The other major economic centres of the country include Lyon, Toulouse (centre of the European aerospace industry), Marseille and Lille.
 - As the world's second-largest agricultural exporter, France ranks just after the United States.
 - The destination of 49% of its exports is other EU members states.
 - France also provides agricultural exports to many poor African countries (including its former colonies) which face serious food shortages.
 - Wheat, beef, pork, poultry, and dairy products are the principal exports.
-
- Exports from the United States face stiff competition from domestic production, other EU member states, and third-world countries in France.
 - US agricultural exports to France, totaling some \$600 million annually, consist primarily of soybeans and soybean products, feeds and fodders, seafood, and consumer products, especially snack foods and nuts.
 - French exports to the United States are much more high-value products such as its cheese, processed products and its wine.
 - The French agricultural sector receives almost €11 billion in EU subsidies. France's competitive advantage is mostly linked to the high quality and global renown of its produce, such as cheese and wine.
 - Danone is the world's fifth-largest food company and the world's largest supplier of mineral water.
 - Food Inflation in France is expected to be 1.20 percent by the end of this quarter, according to Trading Economics global macro models and analysts' expectations.

MARKET SIZE

Danone product portfolio can be classified into three main categories which are Essential Dairy and Plant-Based, Water and Special Nutrition.

Essential Dairy and Plant-Based

- Danone is world number #1 brand in fresh dairy and plant-based food, with a strong collection of healthy and innovative yoghurt-based products.
- France is the 3rd country as per the 2019 sales figures of Danone
- France contributes to 17% of EU milk deliveries in 2020 and amounts to 13.1% of EU dairy exports in milk equivalent.
- France is largest consumer of cheese in the whole world,
- This statistic displays a ranking of Danone yoghurts in France in 2020, by number of users. In 2020, an estimated 6.6 million people used Danone Nature. Ranked second and third were Danone Activia Aux Fruits and Danone Velouté Fruix.
- In 2020, an estimated 4.5 million people had used Danone Jockey. Ranked second was Danone Gervita. In France.

- The French dairy market had total revenues of \$21.4bn in 2019, representing a compound annual growth rate (CAGR) of 0.6% between 2015 and 2019.
- For the financial year 2020, the dairy company Lactalis realised a turnover of over 20 billion euros, making it the French dairy company with the largest sales revenue before Danone (15.2 billion euros).
- In 2018, there were approximately 1,193 enterprises in the manufacture of dairy products in France.

Water

- Danone is world's No 2 in terms of volumes in package water.
- France is having a consumption of 8,868 million litres in 2019. It's the world's top 5th country in terms of consumption. France has plenty of bottled water variety, perhaps not as much as wine, but each brand does have its own taste and texture.
- Revenue in the Bottled Water segment is expected to amount to US\$8,380m in 2022. The market is expected to grow annually by 4.46% (CAGR 2022-2026).
- In relation to total population figures, the expected per person revenues of US\$127.77 and average volume per person would amount to 80.1L in 2022.
- The market for Bottled water is structured into retail sales for at home consumption and on-premises or foodservice sales for out-of-home consumption. The at-home market covers all retail sales via super- and hypermarkets, convenience stores or similar sales channels. The out-of-home makes away-from-home market or HORECA encompasses all sales.
- In 2020, an estimated 20.8 million people used Cristaline bottled mineral water. Ranked second were Evian.
- When looking at the water market, it appears to be quite concentrated. Indeed, three groups hold more than three-quarters of the market: *Neptune* and *Nestlé Waters*, with 28.4 percent of the market each, and *Danone*, which has a 19.3 percent share of the market.
- In 2020, an estimated 3.1 million people in France used Volvic Juicy flavoured water. Ranked second and third were Perrier Aromatisé and Cristaline Fruits.
- According to Agro media, it is estimated that 175 bottles are sold every second in France.

Specialised Nutrition

- Number 1 in Europe in Medical nutrition.
- Number 2 in the World under Infant Nutrition.
- The global infant nutrition market size was valued at \$34.2 billion in 2018, and is estimated to reach \$61.6 billion by 2026 with a CAGR of 7.7% from 2019 to 2026.
- The Global Medical Nutrition Market is valued at USD 878.53 Million in 2018 and expected to reach USD 1269.52 Million by 2025 with a CAGR of 5.40% over the forecast period.
- The French infant nutrition market is dominated by two giants who own approximately 80% of the world market share: Danone and Nestlé.

EVENTS EFFECTING FOOD PRODUCTS CONSUMPTIONS

Study of consumer's behavior is important in developing marketing strategy. Consumer behavior refers to the attitude that the consumer shows during the search, purchase, and consumption of a certain product.

The major factors which affect the decision of the consumers whether to accept or reject a food product in the market:

- Economical determinants such as cost, income, availability
- Social determinants such as culture, family, peers, and meal pattern
- Biological determinants such as hunger, appetite, and taste
- Physical determinants such as access, education, skills (cooking) and time
- Psychological determinants such as mood, stress, and guilt
- Attitudes, beliefs, and knowledge about food

The complexity of food choices is obvious from the list above, which is not exhaustive. Food choice factors also vary according to life stage and power of one factor will vary from one individual or group of people to the next. Thus, one type of intervention to modify food choice behavior will not suit all population groups. Rather, interventions need to be geared towards different groups of the population with consideration to the many factors influencing their decisions on food choice. Consumers have become more dependent on their own preferences by observing sensual attributes of the foodstuffs.