Profit Foodservice in France

Industry Profile

Reference Code: 0164-2338
Publication date: July 2006

www.datamonitor.com

Datamonitor USA
245 Fifth Avenue
4th Floor
New York, NY 10016
USA

t: +1 212 686 7400
f: +1 212 686 2626
e: usinfo@datamonitor.com

Datamonitor Europe
Charles House
108-110 Finchley Road
London NW3 5JJ
United Kingdom

t: +44 20 7675 7000
f: +44 20 7675 7500
e: eurinfo@datamonitor.com

Datamonitor Germany
Kastor & Pollux
Platz der Einheit 1
60327 Frankfurt
Deutschland

t: +49 69 9754 4517
f: +49 69 9754 4900
e: deinfo@datamonitor.com

Datamonitor Asia Pacific
Room 2413-18, 24/F
Shui On Centre
6-8 Harbour Road
Hong Kong

t: +852 2520 1177
f: +852 2520 1165
e: hkinfo@datamonitor.com

ABOUT DATAMONITOR

Datamonitor is a leading business information company specializing in industry analysis.

Through its proprietary databases and wealth of expertise, Datamonitor provides clients with unbiased expert analysis and in depth forecasts for six industry sectors: Healthcare, Technology, Automotive, Energy, Consumer Markets, and Financial Services.

The company also advises clients on the impact that new technology and eCommerce will have on their businesses. Datamonitor maintains its headquarters in London, and regional offices in New York, Frankfurt, and Hong Kong. The company serves the world's largest 5000 companies.

Datamonitor's premium reports are based on primary research with industry panels and consumers. We gather information on market segmentation, market growth and pricing, competitors and products. Our experts then interpret this data to produce detailed forecasts and actionable recommendations, helping you create new business opportunities and ideas.

Our series of company, industry and country profiles complements our premium products, providing top-level information on 10,000 companies, 2,500 industries and 50 countries. While they do not contain the highly detailed breakdowns found in premium reports, profiles give you the most important qualitative and quantitative summary information you need - including predictions and forecasts.

EXECUTIVE SUMMARY

Market Value

The French profit foodservice sector grew by 4.1% in 2005 to reach a value of $19.5 billion.

Market Value Forecast

In 2010, the French profit foodservice sector is forecast to have a value of $24.1 billion, an increase of 23.5% since 2005.

Market Volume

The French profit foodservice sector grew by 0.5% in 2005 to reach a volume of 5,406.5 million transactions.

Market Volume Forecast

In 2010, the French profit foodservice sector is forecast to have a volume of 5,550.8 million transactions, an increase of 2.7% since 2005.

Market Segmentation I

The restaurants segment generates 62% of the sector's aggregate value.

Market Segmentation II

France accounts for 15.8% of the European sector's overall value.

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER 1 MARKET OVERVIEW

1.1 Market Definition

Foodservice is defined as the sale of food and drinks for immediate consumption either on the premises from which they were bought, or in designated eating areas shared with other foodservice operators, or in the case of takeaways transactions, freshly prepared food for immediate consumption. Datamonitor's definition excludes sales through vending machines and is restricted to sales in specific foodservice channels (please see channel definitions below).

All market values are given in Operator Buying Prices, that is the amount spent by foodservice operators on the food and drink that they serve and not the amount the consumers spend on food and drinks (Operator Selling Prices - OSPs) in these channels. The difference is the mark up the foodservice operator adds in order to cover their other costs and generate a profit. This therefore values the market in terms of the amount of money for which food and drinks manufacturers are competing.

Market volumes are classed as the total number of visits by individuals to foodservice locations that involve the consumption of either food, or drink, or both. As such, if several people visit one location at once and there is only one bill (e.g. a group dining in a restaurant), the number of transactions is counted as being one for each person in the group. Multiple purchases made during the same visit (e.g. a person buys several drinks bought over a period of time in a bar) are counted as one transaction. The purchase of drink with food in the same location in the same visit is also considered as one transaction, not two.

The market consists of the total revenues generated by cafés, pubs, clubs, nightclubs, restaurants, takeaways, hotels & lodgings, street & mobile vendors, retail vendors, leisure vendors and on-board vendors - defined as food sold on board air, rail, sea or coach traveling vehicles.

All currency conversions were carried out at constant 2005 average exchange rates.

For the purposes of this report, Europe consists of Belgium, Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Russia, Spain, Sweden and the United Kingdom.

1.2 Research Highlights

The profit foodservice sector in France generated total revenues of $19.5 billion in 2005, this representing an increase of 4.1% on 2004's value.

The leading revenue source in the French profit foodservice sector is formed by restaurants, which generated revenues of $12.1 billion in 2005, equivalent to 62% of the sector's value.

Looking forward, the French profit foodservice sector is predicted to accelerate from its current value growth position to attain a value of $24,125.1 million in 2010, representing a CAGR of 4.3% for the 2005-2010 period.

1.3 Market Analysis

The French profit foodservice sector has grown steadily during the review period of this profile, although at rates slightly below the European regional sector overall. French consumers continue to dine out, and increasing numbers of fashionable, high priced restaurants have buoyed the value of this sector considerably in recent years.

The profit foodservice sector in France generated total revenues of $19.5 billion in 2005, this representing an increase of 4.1% on 2004’s value. The sector grew at a compound annual growth rate (CAGR) of 2.9% for the 2001-2005 period, while the European regional sector had a CAGR of 3.2%. In comparison, the foodservice sector in Germany generated total revenues of $15.6 billion in 2005, with a CAGR of 1.4% for the 2001-2005 period.

During the 2001-2005 period, the number of transactions in the French profit foodservice sector increased with a CAGR of 0.3% to reach 5.4 billion in 2005. Comparing the growth rates of value and volume indicates that prices were rising during the review period. Reasons include escalating fuel prices, which have impinged upon margins by way of heightened transportation and packaging costs. Consumer demand for larger and more varied menus has also augmented prices.

The leading revenue source in the French profit foodservice sector is formed by restaurants, which generated revenues of $12.1 billion in 2005, equivalent to 62% of the sector’s value. In comparison, foodservice in hotels and lodgings accounted for 17% of the sector’s overall value, equivalent to $3.3 billion in 2005. The dominance of restaurant foodservice in the French sector is unusually strong compared to other western European countries. In Germany, for example, restaurants account for 45.1% of the total revenues, while in Italy, the figure is 33.1%.

The French profit foodservice sector generates 15.8% of the value of the European regional sector. Italy accounts for a further 17.9%, while the United Kingdom is the largest European single country sector, with a 29.8% value share.

Looking forward, the French profit foodservice sector is predicted to accelerate from its current value growth position to attain a value of $24,125.1 million in 2010, representing a CAGR of 4.3% for the 2005-2010 period. As a result, France will overtake European sector as a whole, which is predicted to grow at a CAGR of 3.6% over the forecast period. The cost of innovation, necessary if players are to gain sector share in this mature sector is expected to fuel consolidation as players seek larger economies of scale. However, this may lead to smaller players being pushed put of the sector.

CHAPTER 2 MARKET VALUE

The French profit foodservice sector grew by 4.1% in 2005 to reach a value of $19.5 billion.

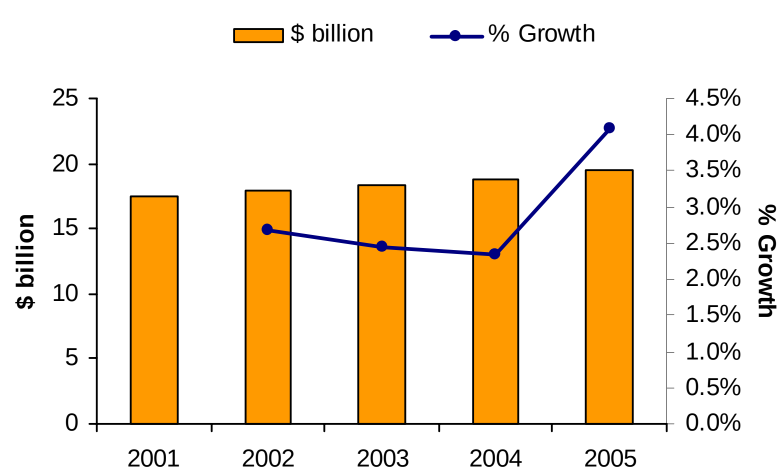
The compound annual growth rate of the sector in the period 2001-2005 was 2.9%.

Table 1: France Profit Foodservice Sector Value: $ billion, 2001-2005

Year	$ billion	€ billion	% Growth
2001	17.4	14.0	
2002	17.9	14.4	2.70%
2003	18.3	14.8	2.40%
2004	18.8	15.1	2.30%
2005	19.5	15.7	4.10%
CAGR, 2001-2005:			**2.9%**

Source: Datamonitor DATAMONITOR

Figure 1: France Profit Foodservice Sector Value: $ billion, 2001-2005



Source: Datamonitor DATAMONITOR

CHAPTER 3 MARKET VOLUME

The French profit foodservice sector grew by 0.5% in 2005 to reach a volume of 5,406.5 million transactions.

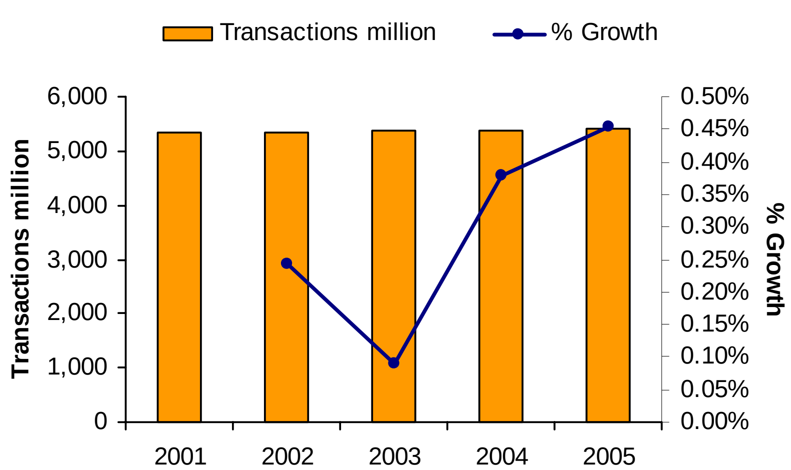
The compound annual growth rate of the sector volume in the period 2001-2005 was 0.3%.

Table 2: France Profit Foodservice Sector Volume: Transactions million, 2001-2005

Year	Transactions million	% Growth
2001	5,344.1	
2002	5,357.1	0.20%
2003	5,361.8	0.10%
2004	5,382.1	0.40%
2005	5,406.5	0.50%
CAGR, 2001-2005:		**0.3%**

Source: Datamonitor DATAMONITOR

Figure 2: France Profit Foodservice Sector Volume: Transactions million, 2001-2005



Source: Datamonitor DATAMONITOR

CHAPTER 4 MARKET SEGMENTATION I

The restaurants segment generates 62% of the sector's aggregate value.

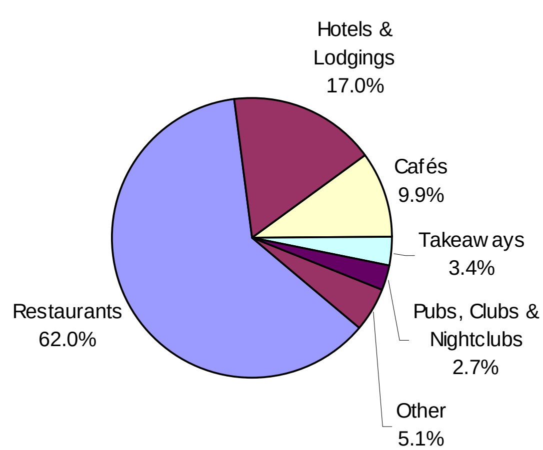
Hotels & lodgings accounts for a further 17% of the sector's revenues.

Table 3: France Profit Foodservice Sector Segmentation I: % Share, by Value, 2005

Category	% Share
Restaurants	62.00%
Hotels & Lodgings	17.00%
Cafés	9.90%
Takeaways	3.40%
Pubs, Clubs & Nightclubs	2.70%
Other	5.10%
Total	**100.0%**

Source: Datamonitor DATAMONITOR

Figure 3: France Profit Foodservice Sector Segmentation I: % Share, by Value, 2005



Source: Datamonitor DATAMONITOR

CHAPTER 5 MARKET SEGMENTATION II

France accounts for 15.8% of the European sector's overall value.

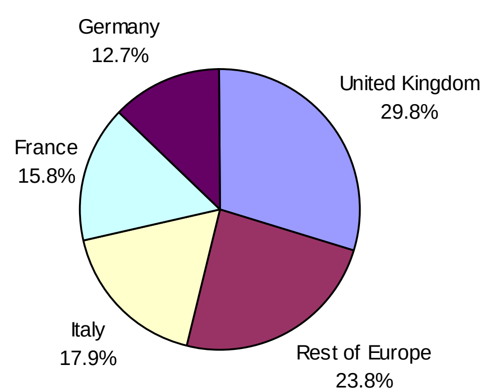
The United Kingdom generates 29.8% of the regional revenues.

Table 4: France Profit Foodservice Sector Segmentation II: % Share, by Value, 2005

Geography	% Share
United Kingdom	29.80%
Rest of Europe	23.80%
Italy	17.90%
France	15.80%
Germany	12.70%
Total	**100.0%**

Source: Datamonitor DATAMONITOR

Figure 4: France Profit Foodservice Sector Segmentation II: % Share, by Value, 2005



Source: Datamonitor DATAMONITOR

CHAPTER 6 COMPETITIVE LANDSCAPE

In the foodservice industry competitive rivalry is intense as consumers are deluged with choice; the availability of substitutes is high and there is still tough competition from the groceries sector. The growing dining-out culture is less prominent here than in most of Europe, with French consumers opting for longer meal preparation times. The leading players in the French foodservice sector include Quick, Burger King, McDonalds Corporation and Starbucks Corporation, to name a few. The threat of new entrants to the industry is high despite high hygiene standards which raise the entry barriers somewhat.

Obesity is a growing concern in France; governments have recently begun to address the issue following media attention and pressure from citizens. The impact of obesity has had a negative effect on the French Fast Food industry and so companies such as McDonalds are attempting to mitigate the effects of changing consumer preference by broadening their product and brand portfolios to include healthier options and therefore retain revenues. In a retaliatory move fast food chains have defended products as being entirely as part of a balanced diet.

There are fewer women in the workplace and a larger preference for stay-at-home mothers, however this trend is changing. In addition, France has one of the shortest working weeks, averaging at approximately 35 hours. Therefore, the enjoyment of food and its preparation are factored into the French work/life balance. France has the third highest rate of expenditure on eating out in Europe, after Italy and the UK. Consumers, however, are tending to stay at home rather than dine out, although they still do not wish nor need to prepare their own meals, boosting revenues for the takeout segment of the industry.

France is famous for its unique cuisines and therefore attracts tourist intent on sampling local cafés and restaurants. The Mediterranean climate in the South attracts large numbers of holidaying Britons and is subject to seasonal fluctuations. However, the capital city of Paris draws in tourists throughout both warm and cold seasons and is therefore a more stable business setting. There is still positive growth within this foodservice industry.

CHAPTER 7 LEADING COMPANIES

7.1 Servair

With a turnover of over $600 million, and more than 7,000 employees, Servair is France’s largest company of airline pursers, and ranks third globally. It is a subsidiary of Air Fance-KLM, serving 310 customer companies with cleaning and restaurant services. It aims to combine industrial logistics and a keen awareness of the constraints of air transport with fine cooking and concern for passenger comfort. The Servair network operates from more than 80 units around the world.

7.2 Yum! Brands, Inc

Yum! Brands, specializes in the operation, development and franchising of fast food restaurants. It is the world's largest restaurant company in terms of restaurants, with about 33,000 restaurants around the world in over 100 countries and territories. Four of the company's brands, KFC, Pizza Hut, Long John Silver's and Taco Bell, are the global leaders of the chicken, pizza, quick-service seafood categories and Mexican restaurant categories, respectively. It also operates restaurants A&W and Long John Silver's. The company has a workforce of about 272,000 employees and is headquartered in Louisville, Kentucky.

For the fiscal year ended December 2005, the company recorded revenues of $9.9 billion, an increase of 3.8% on the previous year. Net income for the year increased 3% to reach a 2005 total of $805 million.

7.3 McDonald's Corporation

McDonald's Corporation (McDonald's) is the world's largest foodservice retailing chain. The company is known for its burgers and fries which it sells through 31,000 fast-food restaurants in over 119 countries. A majority of McDonald's restaurants are operated by franchisees. The company also operates restaurants under the brand names 'The Boston Market' and 'Chipotle Mexican Grill'. The company operates primarily in the US and the UK. It is headquartered in Oak Brook, Illinois and employs 447,000 people.

The company recorded revenues of $20,460.2 million during the fiscal year ended December 2005, an increase of 7.3% over 2004. The operating profit of the company was $4021.6 million during fiscal year 2005, an increase of 13.6% over 2004. The net profit was $2602.2 million in fiscal year 2005, an increase of 14.2% over 2004.

7.4 Quick Restaurants S.A.

Quick Restaurants is engaged in the operation of a large chain of fast-service restaurants in Europe. The company has an international network of more than 430 company owned and franchised restaurants in France, Belgium, Luxemburg and other international markets. Quick is headquartered in Berchem, Belgium.

For the fiscal year ended December 2005, Quick recorded revenues of $566.2 million. The company also reported a net income of $33.9 million for the same year.

7.5 Burger King Corporation

Burger King is the world's second largest burger chain. It is privately owned by an equity sponsor group comprised of Texas Pacific Group, Bain Capital and Goldman Sachs Capital Partners. The company operates in 60 countries in addition to the US. It is headquartered in Miami, Florida and employed about 32,600 people in June 2004.

The company recorded estimated revenues of $1,940 million during the fiscal year ended June 2005, an increase of 10.6% over 2004. Net income for the period was $47, an increase of 840% against the previous year.

7.6 Starbucks Corporation

Starbucks Corporation (Starbucks) is a specialty coffee retailer. It produces and sells a variety of hot and cold beverages, complementary food items, coffee-related accessories and equipment, teas and other non-food products through retail stores in approximately 37countries worldwide. The company operates primarily in the US. It is headquartered in Seattle, Washington and employs about 115,000 people.

The company recorded revenues of $6369.3 million during the fiscal year ended October 2005, an increase of 20.3% over 2004. The operating profit of the company was $780.6 million during fiscal year 2005, an increase of 28.7% over 2004. The net profit was $494.5 million in fiscal year 2005, an increase of 27.1% over 2004.

CHAPTER 8 MARKET FORECASTS

8.1 Market Value Forecast

In 2010, the French profit foodservice sector is forecast to have a value of $24.1 billion, an increase of 23.5% since 2005.

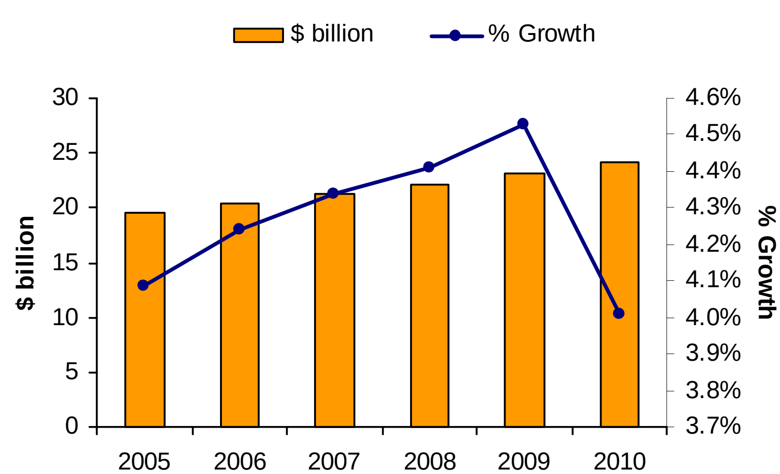
The compound annual growth rate of the sector in the period 2005-2010 is predicted to be 4.3%.

Table 5: France Profit Foodservice Sector Value Forecast: $ billion, 2005-2010

Year	$ billion	€ billion	% Growth
2005	19.5	15.7	4.10%
2006	20.4	16.4	4.20%
2007	21.3	17.1	4.30%
2008	22.2	17.9	4.40%
2009	23.2	18.7	4.50%
2010	24.1	19.4	4.00%
CAGR, 2005-2010:			**4.3%**

Source: Datamonitor DATAMONITOR

Figure 5: France Profit Foodservice Sector Value Forecast: $ billion, 2005-2010



Source: Datamonitor DATAMONITOR

8.2 Market Volume Forecast

In 2010, the French profit foodservice sector is forecast to have a volume of 5,550.8 million transactions, an increase of 2.7% since 2005.

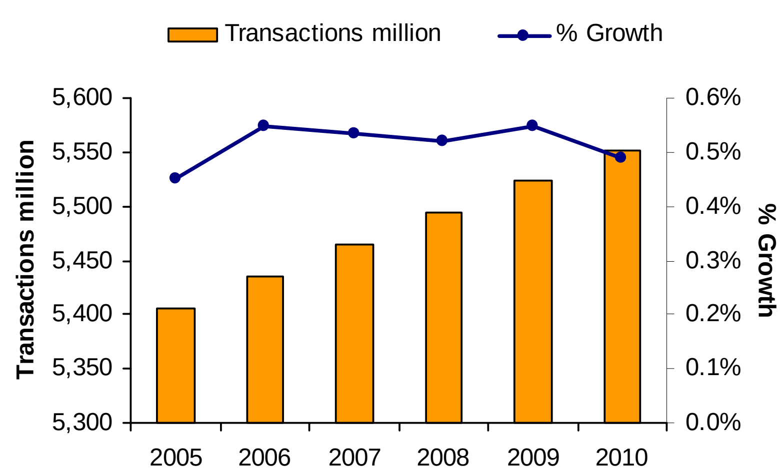
The compound annual growth rate of the sector volume in the period 2005-2010 is predicted to be 0.5%.

Table 6: France Profit Foodservice Sector Volume Forecast: Transactions million, 2005-2010

Year	Transactions million	% Growth
2005	5,406.5	0.50%
2006	5,436.1	0.50%
2007	5,465.1	0.50%
2008	5,493.6	0.50%
2009	5,523.7	0.50%
2010	5,550.8	0.50%
CAGR, 2005-2010:		**0.5%**

Source: Datamonitor DATAMONITOR

Figure 6: France Profit Foodservice Sector Volume Forecast: Transactions million, 2005-2010



Source: Datamonitor DATAMONITOR

CHAPTER 9 MACROECONOMIC INDICATORS

Table 7: France Size of Population (million) , 2001-2005

Year	Population (million)	% Growth
2001	59.7	
2002	59.9	0.40%
2003	60.2	0.40%
2004	60.4	0.40%
2005	60.7	0.40%

Source: Datamonitor DATAMONITOR

Table 8: France GDP (1995=100), 2001-2005

Year	1995=100	% Growth
2001	93.3	
2002	91.7	-1.80%
2003	90.2	-1.60%
2004		
2005		

Source: Datamonitor DATAMONITOR

Table 9: France Inflation, 2001-2005

Year	Inflation Rate (%)	% Growth
2001	1.4	
2002	2.3	69.10%
2003	2.2	-6.30%
2004	1.5	-30.40%
2005	1.6	4.40%

Source: Datamonitor DATAMONITOR

Table 10: France Exchange Rate, 2001-2005

Year	Exchange Rate ($/€)
2001	1.13674
2002	0.94245
2003	1.12943
2004	1.24208
2005	1.24296

Source: Datamonitor DATAMONITOR

CHAPTER 10 FURTHER READING

10.1 Sources

This report is based on a combination of primary Datamonitor research, including online, face-to-face and telephone interviews with consumer and industry players, and secondary research using various sources (including trade associations, news providers and others).

Industry Associations

Union des métiers et des Industries de l'Hôtellerie (UMIH)
22 rue d'Anjou, 75008 Paris, France
Tel: 33 1 4494 1994
Fax: 33 1 4742 1520
http://www.umih.fr/

10.2 Related Datamonitor Research

Datamonitor Industry Profiles

Profit Foodservice in Germany ($200)

Profit Foodservice in the United Kingdom ($200)

Profit Foodservice in Italy ($200)

Profit Foodservice in Spain ($200)

Profit Foodservice in Belgium ($200)

Profit Foodservice in Europe ($200)

Profit Foodservice in Asia-Pacific ($200)

Profit Foodservice in the United States ($200)

Global Profit Foodservice ($200)