

## ■ Market segment dynamics

In Europe, temperature controlled logistics for food products organizes the daily life of 290,000 agro-food companies and 492 million consumers. Although consumption profiles vary significantly according to consumer areas (population, purchasing power, food habits), the “typical European consumer” consumes on average 530 kg/year of food, of which 350 kg are refrigerated or frozen. This amounts to 170 million tons of food stuff that is transported under temperature controlled conditions (22 million tons deep frozen or frozen and 150 million tons of refrigerated food).

Any food, during the course of its supply chain (e.g.: production, supplier warehouse, retailer warehouse, store), requires on average 2.5 transport operations for a total duration of 4.8 hours. This means that 400 to 500 million tons travel every year on Europe’s roads with technical means and expertise that must be adapted to changes in modes of consumption. Whereas the deep frozen products sector continues to grow (especially, ice creams, readymade dishes, vegetables and certain fruits), refrigerated products remain stable (decreases in consumption of beef being compensated by increases in consumption of poultry and seafood), and fresh products (fruit and vegetables).

These intra-European logistics flows have a dominant North/South flow (fruit and vegetables travel from South to North while seafood travels from North to South). The major meat product flows remain difficult to estimate, as are the East/West flows.

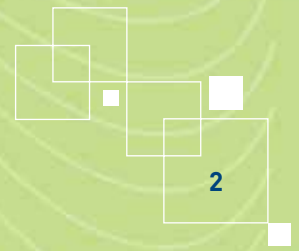
Of the million refrigerated vehicles in circulation around the world, half are European: mini-trucks and small carrier vehicles with payload  $\leftarrow$  3.5t (52%), trucks and refrigerated carriers (22%), trailers and semi-trailers with payload  $\rightarrow$  3.5t, trailers and semi-trailers with payload from 20 to 24 t (26%). Although the distribution figures per country are difficult to estimate, the fleets of the major temperature controlled logistics firms can be estimated using data from the Frigoclub International organization (2003), which groups together the major service providers in this sector.

France is the world’s 2nd largest exporter of processed foods, and ranks 1st in Europe for temperature controlled food logistics.

## ■ France’s attractiveness

A growing need for efficient and custom-built logistics solutions. With a 140 billion euro turnover, 10,624 food companies, of which 3,180 have more than 20 employees, a total of 420,000 employees, the French agro-food industry is the biggest in Europe (17% sales of UE - 25) and is 2nd in the world after the USA. It is the leading national industry in terms of turnover, and is a dynamic and highly diversified sector. Perishable products (meat, dairy products, fruit and vegetables, seafood products, agro-industries) account for 60% of the activity. With 20% sales from exports and close to 75% in the European market, France provides a privileged platform to supply the 492 million European consumers.

Demanding retailers: the French mass retail market is internationally renowned for its innovations in purchasing management, its stringent requirements for supplier management of orders and deliveries and for its optimization of the value chain from the factory to the shelf. French retailers such as Carrefour (72.7 billion euro turnover, of which 52.3% in exports), Auchan (30 billion euro



turnover / 38.5% in exports), Casino (23.2 billion euro turnover / 20% in exports), Intermarché (38 billion euro turnover / 10% in exports) play a major role in the development of intra-European food retailing, with the emergence of European central purchase stations, of which they control almost 1/3 of total activity.

### ■ International players in France

- With its subsidiaries Unilever Bestfoods and Miko, UNILEVER (UK/NL) in France achieves a 2.7 billion euro turnover in the food sector, with 14 factories, 5 R&D centers and 4,900 employees. Since 1996, MIKO products (0.9 billion Euros sales) have been manufactured in an state of the art factory at Saint Dizier (Haute Marne) that produces 60 million litres of ice cream per year. Since 2006, this location also has the largest refrigerated warehouse in Europe (27 M euros). Fully automated and with a capacity to store 31,000 pallets with a height capacity of 40 m, at -25°, it can receive and ship 1,600 pallets/day for the French and European markets. UNILEVER has entrusted the management to a service provider.
- In less than 30 years, the French OLANO company based in Saint Jean de Luz (Pyrénées Atlantiques) has become one of the main French service providers in refrigerated food. Its three skill segments are: storage (35% of sales), logistics for seafood products (35%) and “meat products” (30%). It is in the deep frozen sector that OLANO has seen the highest growth (storage surface at -25° must pass from 200,000 m<sup>3</sup> to 350,000 m<sup>3</sup>). OLANO is the logistics service provider for Boncolac/Groupe 3A (ice creams/ 50,000 m<sup>3</sup>), Monceau Fleurs (central European storage and packaging in construction in the international market of Rungis), Lindt (chocolate /40,000 m<sup>3</sup> at 14°), etc.