

GOING GLOBAL EXPORTING TO FRANCE

A guide for clients



Capital
Paris



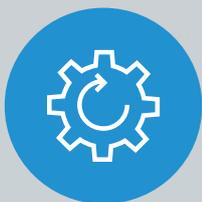
Population
66m



GDP 2017
€2.5tn



GDP Growth
predictions
for 2017
1.3%



Unemployment
9.3%



WHY EXPORT TO FRANCE?



France is the sixth largest global economy¹ and the second largest in Europe². A strong and influential country, it is committed to - and one of the central drivers of - the European Union.

Its land area extends to 643,000km², making it around nine times the size of Ireland. Its population, at in excess of 66 million is similar to that of the UK's and more than 13 times the size of Ireland's.

A member of the G7, it is one of the world's biggest and wealthiest industrial powers. Its economy is historically resilient and stable and less prone to boom and bust cycles.

France is among the leading global industrial economies in the automotive, aerospace, and railways sectors, as well as in cosmetics, luxury goods, insurance, pharmaceuticals, telecoms, power generation, defense, agriculture and hospitality.

It is the world's leading tourist destination in terms of visitor-numbers each year. In terms of overseas visitors to Ireland, France comes fourth after the UK, North America and Germany.

France is the third largest market for exports from Enterprise Ireland clients, helped by the fact that the French market is geographically close to Ireland, with numerous air routes and sea crossings.

The election of the pro-European centrist President Emmanuel Macron, and the meteoric rise of his new, people powered party, "En Marche" (On the Move), in 2017, on a platform that promised to return the French economy to growth, was welcomed by the French business community, which sees his tenure as an opportunity to secure labour reforms.

The economy is also expected to pick up on the back of a recovery in exports and resilient domestic demand. Though growth of just 1.3% has been predicted for 2017, the OECD forecasts that figure will strengthen to 1.5% in 2018, on the back of rising confidence, cuts in social contributions and business taxes and continued favourable financing conditions.

France's economy is expected to gradually further accelerate, driven by private consumption on the back of a dynamic household's purchasing power. Unemployment, which has hovered around 10% in recent years, hit a five year low falling to 9.3% in early 2017.

However, France's growth rate remains below the euro-area average. In recent years, GDP growth has been held back by investment, the recovery in which is only expected to take hold as policy measures to reduce the cost of labour and strengthen competitiveness kick in and foster business confidence.

More than 500 Enterprise Ireland client companies are selling into France, so why aren't you?

- In 2016 Enterprise Ireland client company exports to France were valued at €902m, including food exports. When food exports are stripped out, that figure was €323m million.
- France is Ireland's 5th largest market for merchandise and 4th largest market for services.
- France is Ireland's 4th largest market for Enterprise Ireland client company exports.
- Ireland's exports to France are growing at an average of 5% per year.

1 World Economic Forum 2017

2 Eurostat 2016.

Sectoral success

France is the second largest European economy and has always been an important market for Irish exporters across a variety of sectors.



Financial and Digital Services

- France is the 5th largest global market for FinTech
- The financial industry employs 1.2 million people directly and indirectly
- Massive growth in internet retailing at 12% per year



Medtech and Pharma

- France continues to rank among the top five largest medical device markets in the world.
- The market is valued at €10.9 billion (2014), forecast to grow by 4.7% from 2014 - 2019.
- The industry employs approximately 65,000 people with more than 1,000 producers of medical devices registered in 2013 (94% are SMEs and 76% are indigenous companies).
- Medical device imports supply around 75% of the market



Engineering

- French market worth €40 billion
- Growth forecast of 7.4%



Construction

- Construction accounts for 4.9% of French GDP with 540,000 companies employing about 1.5 million people.
- France has a 17.5% share of European construction sector
- The sector consists mainly of small businesses (about 95% of construction businesses have 1-10 employees) with some 200 companies employing more than 200 people, and some larger, internationally active players like Bouygues, Vinci and Eiffage.



Aerospace

- With 22% worldwide market share, France is second largest global market after the USA (35%).³

Regional variations

From aerospace to pharmaceuticals and agribusiness to online selling, many of France's world leading industries are powered from outside of Paris.

75% of the medical device manufacturing industry is concentrated in four regions: Ile-de-France, Rhône-Alpes, Provence-Alpes-Côte-d'Azur, and Alsace.

Opportunities can be found in the Lyon/ St Etienne region in particular, where a competitive cluster called Lyon Biopôle is charged with promoting collaboration between local companies and scientific research & training institutions, working in the field of infectious diseases. Established in 2005, its founding members were Sanofi Pasteur, bioMerieux, Merial and BD.

France's regions have also recently undergone an administrative change. As 22 regions become 12, EI has seen an increase in regional competition for FDI - solidifying the opportunities for overseas firms looking to relocate outside of Paris.

GET READY TO DO BUSINESS IN FRANCE

An understanding of French business culture will go a long way towards helping you develop contacts and ultimately sales.

French people are typically proud of their strong and distinctive culture, and this plays a significant part in how business is conducted.

Some of the perceived barriers to entry in the market hinge on this very point: France is very different to English-speaking markets such as the UK and US. This has an impact on everything to do with its business culture, from early relationship-building through to sales negotiations. It also extends to employing and managing French nationals.

Acceptance of this, and of the need to familiarise yourself with French business culture will pay dividends for your business. An ability to identify some of the cultural signposts in advance is a crucial step in making a good start in this market.

- France's business culture is much more formal than Ireland's.
- It is different to the 'transaction based' markets of the UK, US and the Netherlands.
- Sales cycles are often longer because French organisations like to go through extensive due diligence before choosing a new supplier. This is particularly the case where the supplier is unfamiliar to them, and even more so if it is a foreign company that is new to the market.
- That said, the common perception that "the French only buy from the French" is untrue.
- However, the lengthy due diligence process means 'me too' companies are unlikely to succeed there. French buyers won't disrupt their supply chain just to bring a new provider on board with a broadly similar product or service to one currently being sourced.

Before approaching French companies, Irish companies need to research the market opportunity thoroughly and refine their value proposition. Enterprise Ireland's Paris office can help clients with this essential step.

Get the memo on meetings

Be aware that French people tend to keep their personal and professional lives separate. Building a business relationship is just that, and doesn't necessarily mean your counterpart also wants to establish a friendship.

The trust you establish should be based around your company's proposition and its ability to deliver on its promises. Whereas in Ireland, the UK or the US, it's acceptable to ask your counterpart about their family, this is not advised in France.

Instead, a good approach is to ask the customer about their business, and what their future plans are. It creates a good impression with French customers when you are interested in the challenges they face as an organisation.

Long lead times are usual; it may take 18 months or more to land a first sale. This is due to two critical factors in French business culture: an aversion to risk and a tendency towards long-term planning.

Use your networks

Having the right personal contacts is essential to doing business in France, which is why it's sometimes referred to as 'La France des réseaux' (France of the networks).

Old-school connections are highly valued. Much of France's senior political, public service and business executive ranks are filled with graduates of the prestigious Grandes Écoles – France's equivalent to the Ivy League colleges.

Contacts created from these elite universities are very influential and are more important than in other markets.

Recruiting a consultant or partner from this background will help your chances, as will being recommended to a buyer by someone in their network. If this happens, do your best to make it a win-win for the person who has introduced or vouched for your company.

Marketing materials

Have a business card with French contact information or at the very least, a French phone number that diverts to an Irish mobile or office landline. Prospects in France will expect to see a long-term commitment to the market, high levels of responsiveness, and strong customer service – especially if you will be displacing another supplier.

Update your website to accommodate French enquiries and purchases. Set up a French landing page, with customised information for a French audience.

Have a presence on French social media.

Attend trade shows and accept the need to do so for a couple of years to establish commitment.

Routes to market

Direct sales from Ireland

French business culture favours some form of regular or permanent presence by a would-be supplier, regardless of its country of origin. The strong emphasis on relationships and the long sales cycle mean this will probably translate to – at the very least – a sales agent, consultant or even a direct employee, supported by senior sales and technical staff from head office in Ireland.

Consultants/commercial agents

An agent is a self-employed individual who acts as an outsourced sales resource for a company. Working with a consultant like this is an attractive option in France for several reasons: the cost of employing a full-time member of staff in the market is considerable once all of the various social charges are accounted for; and, in an export market where language is a key issue, working with a native French speaker can help you to build sales leads more effectively at an early stage.

Partners

Given the size of the French market, it's worth considering partnership agreements with a local organisation as a way of gaining a foothold in the market or to build sales opportunities in sectors that might be difficult to crack as a new entrant.

Distribution

The advantage of a distributor that purchases the product from you and then resells it in the foreign market is that they have an extensive list of leads and potential clients, a strong distribution network and facilities to serve large areas.

IRELAND - FRANCE TRADE

€822m

EU companies' exports to France ¹



6th

biggest market in the world ²



2nd

biggest market in Europe ³



5th

biggest market for Ireland



5%

average annual Irish export growth to France



¹ Enterprise Ireland Annual Business Review 2016

² World Economic Forum 2017

³ Eurostat 2016

HELPING YOU WIN IN FRANCE

Enterprise Ireland has a French office located in the centre of Paris, with a team of nine staff that is made up of both Irish and French nationals.

“The big news in France has been the election of President Emmanuel Macron, which is seen as being a turning point for the country because of his commitment to Europe. This has led to high ambitions in a market that had been quite stagnant,” said Sinéad Lonergan, Enterprise Ireland manager France.

It has led to a sense of “Let’s make Europe great again”, to borrow a phrase, with France in a position to show leadership in a range of areas that will be of interest to Irish businesses, including, for example, renewable energy.

Enterprise Ireland’s France team has in-depth knowledge of the sectoral opportunities most likely to yield results for Irish clients.

Financial and Digital Services

- France is the 5th largest global market for FinTech
- The financial industry employs 1.2 million people directly and indirectly
- Massive growth of internet retailing 12% per year

The French FinTech sector has experienced significant growth in recent years. Among some of its principle draws are its large asset management sector, several major European banks, skilled financial professionals and cheap office space. Paris has recently seen the emergence of a new wave of start-ups, particularly in the FinTech space and this will continue to grow on the back of Brexit.

Financial and digital services are the main investment targets for global companies. Overall, growth of 15% is expected in this sector in 2017. The main opportunities detected by EI Paris include IT security and unified communication for employees and home office; back office transformation and online & mobile payment solutions.

Medtech and Pharma

- France ranks among the top five largest medical device markets in the world
- The market is valued at Euro 10.9 billion (2014), forecast to grow by 4.7% between 2014 - 2019
- The industry employs circa 65,000 people with more than 1,000 producers of medical devices registered in 2013, of which 94% were SMEs and 76% indigenous companies.
- Medical device imports supply around 75% of the market

France has a well-established medical device manufacturing industry dominated by multinationals and a well-developed base of indigenous SME as medical sub-suppliers. Their production is focused on diagnostic imaging, orthopedics & prosthetics and other medical devices, particularly hospital furniture. The medical device industry is dominated by the subsidiaries of multinational groups, primarily American.

Engineering

- French market worth Euro 40 billion
- Growth forecast of 7.4%

Comprising several sectors (construction, agricultural machinery, energy, manufacturing, environment, transport, aerospace) the engineering sector employs around 350,000 people and the forecast for 2015-2020 period is growth of 7.4%.

Some of the main engineering trends in the French market include energy transition, maintenance and renovation, smart cities and intelligent transport.

Construction

- Accounts for 4.9% of French GDP with 540,000 companies employing about 1.5 million people.
- France has a 17.5% share of European construction sector
- 95% of construction businesses have 1-10 employees

The French construction sector is the 2nd largest European market and the 1st European market in terms of sales (Euro 124 billion). It represents half of all industry in France. In spite of a decline in market growth in 2015 (-3%), there is real potential in the new residential (Euro 32 billion) and non-residential construction sectors (Euro 18 billion).

Aerospace

With 22% worldwide market share, France's aeronautic industry, which includes civil, military and space, is second largest global market after the USA (35%). Opportunities have been identified in composites and 3D printing, especially with Tier 2 and 3 companies. EI is collaborating with aerospace accelerators to give Irish startups access to the global aerospace market and the many industry leaders present in France.

How Enterprise Ireland can help

From taking stands at French trade shows to collaborating with French accelerators, to providing one to one assistance - Enterprise Ireland has a full menu of options designed to help your business succeed in France.

"Franco Irish trade is being driven by collaborations with key regional and local players and accelerators," said Sinead Lonergan.

The emergence of open innovation departments has been capitalised on by Enterprise Ireland through partnerships with networks such as Paris Region. "This has afforded clients the opportunity to pitch in front of companies such as Total, Citroën, and Accenture and led to discussions with Veolia around Irish capabilities," she said.

Following on from the Paris climate change conference in 2015, France witnessed the introduction of new regulatory measures concerning environmental policies. This has already created a range of opportunities for Irish companies in the green tech space.

Before you go...

The Market Landscape - What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors?

Market Trends - What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.

Target Market - How does your target market make buying decisions? Who are the relevant decision makers - what are their job title and responsibilities?

Market Segmentation - Who are your most likely customers, where are they located, how and what else do they currently buy, who are their influencers and what 'need' are you fulfilling?

Market Competition - Who are your rivals in the market and how do their offerings compare with and differ from yours?

Market Research Resources - Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the French market.

*Enterprise Ireland's **Market Research Centre** offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.*

See www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/ for more information on the market research facilities available.

Helping you succeed in France

Enterprise Ireland assists clients entering new markets with

Pre Visit Support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In Market Support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International Trade Events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Additional supports

- Introductions to specialists in all areas, including legal, recruitment, PR and taxation

See also:

Franceireland.ie

Networkirlande.com

Contact in France

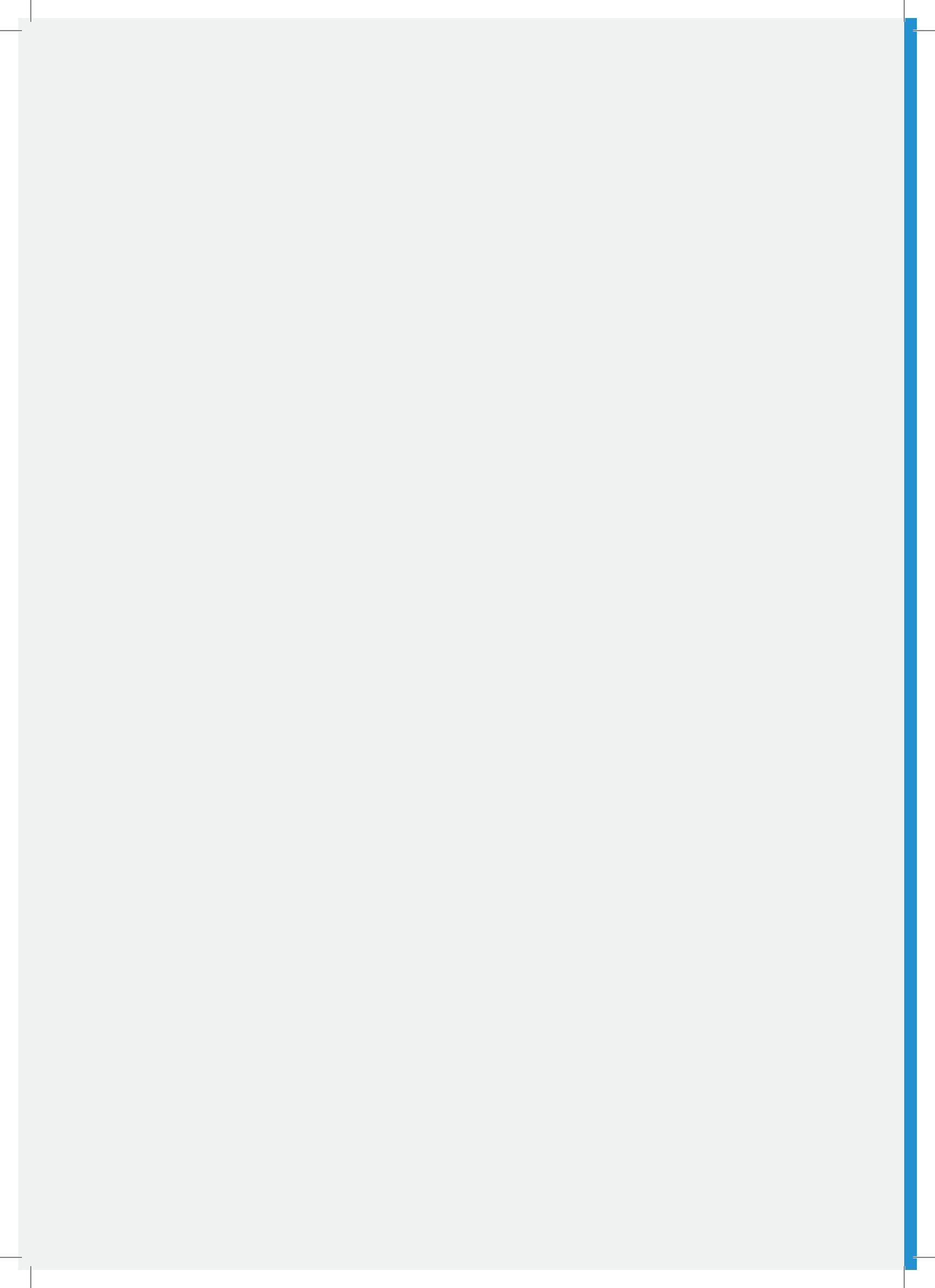
Sinead Lonergan, manager France

Enterprise Ireland

33 rue de Miromesnil

75008 Paris

Phone: +33 (0) 153 43 12 00



...the ...

For further information on the services of Enterprise Ireland overseas, please go to
<http://www.enterprise-ireland.com/en/Export-Assistance/>

French Office Location & Contact Details

Sinead Lonergan, manager France

Enterprise Ireland

33 rue de Miromesnil

75008 Paris

Phone: +33 (0) 153 43 12 00



Ireland's European Structural and Investment Funds Programmes 2014-2020.
Co-funded by the Irish Government and the European Union.

© Enterprise Ireland Aug 2017 - (389)