

Swot analysis of organic market in Bulgaria

SONYA IVANOVA-PENEVA¹

Key words: organic market, swot analysis, Bulgaria

Abstract

In 2009, a big market research has been carried out by Vitosha research company, including 120 producers, retailers and wide number of consumers. Main conclusions from SWOT analysis made are: Bulgaria has sufficient objective conditions to become a serious player in bioproduction. Consumption of organic products in the country is still poorly developed.

Introduction

In order to evaluate development and characteristics of organic market, together with attitude towards organic products in Bulgaria, a big market research in 2009 has been carried out by Vitosha research company. Production, sale and consumption of organic goods had been inquired among 120 producers, retailers and wide number of consumers. This research contains a lot of analyses, the most important of which is SWOT analysis.

Results

Analysis of the strengths of organic market

As a strong market feature could be outlined *appreciation of Bulgarian organic products from the representatives of the various stores (distributors, tourist sites).*

The appreciation of Bulgarian organic products from the current consumers of organic food and non-food products.

Price advantages of Bulgarian organic products

Their price advantage, combined with their image of high quality products providing reasonable advantages in the realization of the market.

Presence of organic products in the most visited shopping sites of food (supermarkets, etc.) and in internet space.

Presence of a relatively high proportion regular users.

Almost half of consumers who buy organic produce in last year are regular customers (buying organic products are more than once a year). The relatively high share of regular users is important for the development of this market, but on the other hand it shows that the **Bulgarian market has is still at an early stage of development.**

Existence of a clear legal basis for the conditions of production, import and export

As a whole it could be stated that official legislative in the country is clearly regulated and complies with European requirements.

Availability of sufficient objective conditions for the development of organic production

As is clear from previous reports (Ivanova-Peneva, 2004) and the results of a desk research (Vitosha research, 2009), Bulgaria has good conditions for the development of both organic farming and organic livestock. Opportunities in this regard, however, are yet to come.

¹Agricultural institute – Shumen, Bulgaria, www.agricinst.eu, e-mail: ivanovapeneva@yahoo.com

Analysis of the weaknesses of the organic market

One of the problems the market is currently low share biological products in comparison with conventionally produced.

This means that the market is still at an initial stage of development, i.e. can be defined as the incipient.

Insufficient awareness of the population about organic product.

According to a consumer survey (Vitosha reserch, 2009), just over one-fifth of respondents are absolutely not aware of the existence of organic products. On the other hand, informed ones are not sufficiently aware of the characteristics of the biologically produced products, and therefore it is very difficult to distinguish them, or would be distinguished from counterfeits ones and similar products of natural ingredients. Insufficient information is one of the main factors for reduced consumption market.

Insufficient popularity of organic products (through advertising and other marketing techniques)

On the other hand, as shown by the results of the desk research, the popularity of the topic in the media is extremely low. Although Bulgarians are well informed about biodiversity and ecology, the theme about health life and respectively organic products remain off the public interest.

Insufficient awareness of current users

An example is given about attitudes of consumers that organic products are sold at identical prices to conventional alternatives.

Relatively high proportion of users "outside the market"

This includes just over a quarter of the population. These users are not at all familiar with the concept of "biological product", so at this stage they can be assigned even to a group of potential users of the market of organic products.

Presence of counterfeits and imitations

Presence of imitations creates a sense of distrust to the market on the part of consumers and may become a prerequisite for refusal consumption.

Lack of distinctive marks for identification of organic products

Most consumers tend to seek universal logo, although this marking is not mandatory.

Lack of established brands and a variety of brands

A common option is a company that produces a particular type of product (say yogurt) to offer biovariant of products. On the other hand, most of the organic products are offered by small manufacturers who do not have enough advertising opportunities.

Complicated system of quality control on the market

Proof of this is the relatively low share of distributors, representatives, merchants and hotels, and a small share users who know where to pay in the event of a problem with the quality or imitation of a biological product. On the one hand, MAF is a body of last resort to which can turn both consumers and manufacturers or distributors. On the other hand, for specific problems such as detection and others, users should refer to the first type organizations Federal consumer protection organization or the appropriate State Commission consumer protection organization. Problems with product quality or distributors manufacturers must turn to the organization that has certified the products. An other problem in this regard is the lack of public information to what control authorities should refer consumers, producers or distributors in similar types of problems.

Insufficient supply in hotels and restaurants

Insufficient development of favorable conditions for organic farming in the country

Despite the best opportunities for the development of organic farming in Bulgaria, on almost of the farmland is still not practiced organic farming or livestock breeding. The capacity of production of wild organic products is still small, in comparison to the possibilities.

Insufficient subsidies to organic production

Although the figures of MAF show some progress, the real picture in subsidies that Bulgarian organic farmers receive, is different. The survey among manufacturers, shows that the most costly expenses in this type of production is soil preparation and purchase of manure, which are crucial to organic cultivation. Insufficient state funding creates a risk of increased costs of production and reduce competitiveness of manufactured products.

Analysis of market opportunities for organic products

Increasing the range of products available in trade chains.

Currently the most widely practiced in trade chains is the offer of food and above all dairy products, eggs, bread and vegetables of organic origin. Potential users, however, would also be interested in organic meat and fruit. Supply of organic cosmetics, spa products, herbs and herbal products could be extended in connection with the growing interest to green and eco-friendly way of life.

Offering of more organic products in other types of retail outlets (not sale), such as hotels and restaurants.

Spa tourism is just beginning to be offered as a service in Bulgaria. Given the fact that the country has imposed production of organic essential oils and similar of these products (second place in the production of Lavender oil after France), it would be a favorable niche for the development of this type of product. In similar guidance could be expanded the supply of organic cosmetics.

Diversification and expansion of distribution channels.

Stimulating demand by attracting new customers.

Except through expansion of the distribution channels, the need of organic products h could be induced by *promotion of organic products among large sections of the population.*

Stimulating of demand by raising awareness of current and potential customers.

Increase the diversify of organic products.

On the one hand, a small percentage of existing farmland currently are used for organic production, on the other hand, the existing climate, soils, waters, etc. in Bulgaria are very suitable for extensive agriculture, including development of organic farming and livestock breeding.

Increase organic production through the possibilities for production of wild organic products.

In Bulgaria, there are favorable conditions for the collection of various wild products such as herbs and mushrooms. The yield of these products is related to the significantly less cost, therefore in this direction could be sought opportunities for development.

Encouraging producers through a package of measures.

Promotion of exports through a package of measures.

Given the results of desk research (Vitoshka research, 2009), the demand for organic products in developed countries continues to increase. Suitable package of measures, including simplified export procedure could stimulate the implementation of local products outside Bulgaria.

Promotion of the "industrial" use of organic products by suitable package of measures.

Hazard Analysis of organic market

Contraction in demand due to high prices of products.

Contraction of consumption due to the presence of many fakes and imitations.

Collapse consumption due to poor popularization of bioproducts.

Promotion of organic products has several dimensions. First is related to *the degree of awareness of the consumers that manufacturers and traders determined as relatively low.* This creates a danger consumption

remains reduced to a size where it is today, unless steps are taken to increase the level of awareness of consumers. Another problem is *the lack of advertising of organic products*. This is one of the factors which the producers themselves determine as an obstacle to better realization of such goods.

Contraction of consumption due to poor availability of organic products.

A significant part of potential consumers argue that they do not know where to buy these products or that they have never seen them to sell in stores. Limited distribution channels are likely to cause the consumption to remain at a level which is at present

Collapse due to insufficient production subsidies.

Biological production requires relatively high investment costs for a preparation of the production (i.e . transition period) and activities covering the requirements for certification. In every EU country organic farming receives preferential subsidies, but in Bulgaria aid per hectare is still very low, which discourages some of manufacturers in the future to switch to this type of production.

Collapse of production for unfavorable external economic factors.

Deepening of economic crisis is one of the factors that could affect negatively Bulgarian organic products producers.

Conclusions

Bulgaria has sufficient objective conditions to become a serious player in the bioproduction. As a serious potential can be reported the presence of a suitable environment and agricultural soils that could be adapted to organic farming. Regulations of organic production, and import and export of such products are clearly regulated and aligned with European requirements. Problems facing the bioproduction are more of economic nature - still lower subsidies per hectare, which have Bulgarian producers.

The consumption of organic products is still poorly developed. The reason is low consumer awareness of the benefits of these products, as well as the ability to differentiate organic products from any imitations.

Obstacles to consumption could be still limited distribution of organic products - the lack of specialized stores (except big cities like Sofia, Varna, Plovdiv), and also the available information sources, as well as low social status of people.

Least popular products in Bulgaria are organic products that are not foods. Such products, with the exception of the essential oils are hardly produced in the country. The main part of organic production in Bulgaria remain foods, herbs, honey.

References

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