

Bulgaria E-Commerce Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

Bulgaria E-commerce market is expected to grow at a CAGR of 4.8% during the forecast period (2023 - 2028). The Bulgaria E-Commerce market is becoming increasingly pervasive in the economies of European Union countries. Bulgaria has about 772,000 online retailers, and the number continues to grow. About 60% of online purchases come from international sources. About 41% of sellers are from the EU, and 19% are from other countries.

Key Highlights

Economic growth in the Bulgarian market has also changed the behavior of Bulgarian consumers. More cities are showing great interest in organic and healthy foods in big cities. The wealthier part of society prefers smaller local stores to global supermarket chains. More Bulgarian people are also shopping online. Despite growing interest in online shopping, this market still has significant growth potential.

The use of applications for mobile e-commerce has increased, especially last few years. It provides a quick and easy way to buy goods and services. Better broadband network coverage and 3G and 4G services make it attractive. All major e-stores have developed mobile applications that complement their customers.

The popular payment method is mobile, covering 80% of the Bulgarian payments market. For instance, Mobiano is a mobile payment solution in Bulgaria. Another solution in Bulgaria is MINT, a prepaid card solution that allows users to make secure and easy payments.

Digital marketing technologies and methods such as search engine optimization (SEO), search engine marketing (SEM), social media marketing, display advertising, and digital campaigns make products, goods, and services more popular and target audiences and are widely used in Bulgaria, leveraging the e-commerce market in the coming days.

The regulations' modifications are analyzed to bolster the market growth rate further. In July 2021, new VAT regulations for business-to-consumer (B2C) sales were enacted. BEA firmly supports the EU's initiatives to streamline VAT regulations and create

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a level playing field for European businesses. The new e-commerce bundle with VAT gives Bulgarian e-traders a significant advantage. Since the VAT exemption of EUR22 has been eliminated and all imported shipments will now be subject to VAT, regardless of their value, the new regulations prevent unfair business practices by non-EU traders. By enabling some sellers to declare all of their pan-European sales through a single VAT registration in their home country, these VAT amendments simplify VAT duties for B2C e-commerce sellers.

Since businesses from all sectors have made significant investments in e-commerce, the demand for technical know-how has increased significantly. The pandemic further accelerated this trend, which increased the pressure on e-commerce service providers to expand and keep up with demand. More than 15 businesses in Bulgaria are part of the Salesforce Commerce Cloud (SFCC) ecosystem. But for the nation to truly become a regional hub for e-commerce tech solutions, SFCC businesses need access to talent to meet client demand and the fast-moving market. In collaboration with Telerik Academy, seven players recently established a 3-month program for Salesforce Commerce Cloud Developers to increase the popularity of e-commerce development within the developer community. These factors are bolstering the market growth rate.

-According to the Passport of the E-commerce Industry In Bulgaria 2020 report published by the Bulgarian E-Commerce Association, the key e-commerce vendors in the country that are members of the associations witnessed exponential growth during the COVID-19 pandemic. Several online stores registered a growth of over 60% in the number and volume of online sales. The development has been attributed to the impact of the COVID-19 pandemic and is expected to continue over the forecasted period, having made a permanent change of course in consumer buying patterns.

Bulgaria E-commerce Market Trends

Food and Personal Care market on rise in the country

Food and personal care e-commerce remained one of the prominent performance categories of Bulgarian e-commerce in 2021. During the reporting period before the pandemic, the growing demand for a busy lifestyle and convenience was the main driver of Bulgarian food and beverage e-commerce. On the other hand, Bulgarian online grocery stores have grown by more than 100% after orders have increased since the pandemic.

More online grocery retailers compete in high-speed commerce and are often affiliated with high-speed delivery apps. For example, Glovo, a local partner of the German hypermarket Kaufland, acquired food panda in Bulgaria and Romania, a delivery service previously owned by Delivery Hero.

Companies in the country are focused on expanding the e-commerce market through investments and collaborations. In April 2022, Bulgarian funding agency HR Capital invested EUR 250,000 in the local online grocery store eBag.bg through subscribing for 730 everyday stocks from the capital growth of the local agency Convenience. Further, in 2022, HR Capital will strictly adhere to its publicly introduced funding policy - participation in transformative generation companies and growing its interest with maximum success investments.

According to the European Cosmetics industry, the cosmetics and personal care market is thriving in Bulgaria, growing over 6%, primarily due to increased consumer power. New product launches, increased brand availability, updated marketing campaigns, and more westernization have dramatically changed attitudes and demand for higher-end, specialty cosmetics, with many adopting mobile phones. Highly digitized, it is revitalizing the e-commerce market.

Growth of Internet and Online Payments during COVID-19 Pandemic

In Bulgaria, pandemics have exponentially increased digital shopping and consumption, involving users previously excluded from this trend. This decline in business was partially offset by the massive adoption and demand for card payments online and

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in-store, within the limits of international travel, which contributes significantly to transactions worldwide. Users were looking for a safer, faster, and more convenient way to pay for goods, where COVID-19 dominates.

In March 2021, Norwegian financial technology group Settle entered the Bulgarian market by launching an instant mobile payment application in Bulgaria. The Settle Group will operate through Settle Bulgaria, a local entity established as a joint venture with a local strategic partner. Bulgaria is the third country where the Settle Group will appoint an entity and the 22nd market in Europe where the Settle application works. With this application, individual users can instantly send, receive and manage money from their mobile phones.

Similarly, in July 2021, Paysafe, a UK-based online payment company, announced that it opened a new office in Varna, Bulgaria. About 40 employees are already working in the new location. The company plans to increase the number of employees by placing 40 new employees in the office. These expansions by online payments companies are majorly aimed at meeting the rising demand in the country.

As indicated in the graph below, the frequency of shopping has significantly increased. Further, the fashion sector has seen some improvements, especially concerning homeware, but demand for other types of shoes and garments remains low. However, most respondents pointed out that the accelerated digitization of businesses in Europe due to the COVID-19 pandemic led to continued growth in the e-commerce sector, which companies and consumers similarly promote. This leverages the e-commerce market in the country as well.

Bulgaria E-commerce Market Competitor Analysis

The Bulgaria E-Commerce Market is moderately competitive with various players in the market. The e-commerce market in the country is seeing the highest growth in various industries due to the high adoption of mobile phones and digitization. Also, newcomers in the market are innovating new technological solutions to retain the market share.

November 2021 - eMAG's third showroom in Bulgaria welcomed its first customers at Level +1 Plovdiv Mall Plovdiv. After two locations in Sofia, the e-commerce platform further expands Bulgaria's showroom network. Therefore, customers can receive another convenient shopping channel and enjoy many additional benefits.

September 2021 - Ikea has announced the FOURLIS Group, a Greek franchisor with IKEA rights in Bulgaria, Greece, and Cyprus. The new location is in the capital Mall of Sofia, which is different from the existing site. The store will be 1200 square meters. It offers a full range of over 8,000 products and is also available for online shopping.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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