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**ОЦЕНКА НА СЪСТОЯНИЕТО И ВЪЗМОЖНОСТИТЕ ЗА РАЗВИТИЕ НА
ПАЗАРА НА БИОЛОГИЧНИ ПРОДУКТИ В БЪЛГАРИЯ
ASSESSMENT OF THE STATE AND OPPORTUNITIES FOR DEVELOPMENT
OF THE ORGANIC PRODUCTS MARKET IN BULGARIA**

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Abstract

Bulgaria has the necessary conditions for a rapid and extensive development of organic farming, which is a prerequisite for its transformation into a leading business line. Bulgarian organic market is in the stage of inception and there are not official statistics of the trade in organic products yet. Therefore, the purpose of this article is to examine and assess the state and opportunities for development of organic market in Bulgaria, in comparison with some of the developed European countries. Thus, the level of the current state of Bulgarian organic market is assessed.

The estimation of the sales of organic products and their accompanying problems helps to highlight ways to improve the quality of organization and management and economic efficiency of organic farming.

Some of the main results of the study are as follows: despite the slight rate increases in consumption, the market for organic products in Bulgaria is not sufficiently developed; about 90% of the currently produced in Bulgaria and certified organic products such as essential plants, herbs, vegetables and honey are exported mainly to Western European countries; the share of the sales on the Bulgarian organic market is below 1%; the higher price of organic products is a major obstacle to Bulgarian consumers; however, there are real opportunities to increase consumption of organic products in Bulgaria.

Key words: Bulgaria, market, opportunities, organic products.

INTRODUCTION

Bulgaria has the necessary conditions for a rapid and extensive development of organic farming, which is a prerequisite for its transformation into a

leading business direction (Popov, 2013). The sales of production is one of the main factors that have considerable influence on the organization of the organic production activity and its economic efficiency. Bulgarian organic market is in the stage of inception and there are still not kept official statistics of trade in organic products. Therefore, the purpose of this article is to examine and appraise the state and opportunities for development of organic market in Bulgaria.

The state of Bulgarian organic market is quite different from that of Germany, Switzerland, Austria, Italy, Spain and other European countries that for years have been on the path to health and to care for future generations and the environment. In Bulgaria the organic food market is still extremely underdeveloped.

This is due to the lack of synchronization between the Bulgarian and European legislation as well as the failure of the national plan for organic farming. Furthermore, administrative obstacles impede the absorption of EU funds in the sector. The utilization of EU funds for organic farming is also still very low. According to representatives of business they are below 3%.

It was found that despite the crisis, the market for organic products in the EU increased by nearly 15% every year and about 8-12% of the total market share of food, while in Bulgaria – organic products took only about 1%. Prices of organic products are higher because their very production is much more labor intensive, but the yields are 80% lower. The organic producer passes the difficult process of certification associated with very high costs. Also, organic production is associated with a greater risk for the sales and storage.

In our opinion, the lack of processors for organic products in Bulgaria is a major problem for the development of the market and thus the supply is low. Moreover, almost no marketing studies and activities are conducted.

Currently, the construction of the bio-economy by 2020 in Europe is a priority of the flagship initiative “Innovation Union” strategy of 2020. Bulgaria cannot compete with larger countries – producers of organic products in terms of quantity but is extremely competitive in terms of quality.

According to us, thanks to consumer preferences for healthy and quality food, there is a trend of increasing interest in organic products and their consumption and thus, many opportunities for the development of the organic products market in Bulgaria.

MATERIALS AND METHODS

The state and development in organic market in Bulgaria and in some of the developed European countries are analysed during the period from 2004 to nowadays.

There are revealed by assessment of the factors affecting the development of organic marketing, sales of organic products in the European Union, consumer demand for organic products per capita and graduated consumer demand in Bulgaria for the studied period. Achieving its purpose, the study includes an information from European reports, interviews and Bulgarian market research as well as the author's own research.

RESULTS AND DISCUSSION

It was found that the European market for organic products developed relatively quickly. According to the EU report, the market for organic products in the previous year is estimated at EUR 11 billion (Report of Organic farming in the European Union – “Facts and figures”, 2005).

The results of the survey data for sales of this kind of products are listed in Table 1.

Таблица 1. Продажби на биологични продукти в Европейския съюз, 2004 г.
Table 1. Sales of organic product in the European Union, 2004

Държава/ Country	Великобритания/ Great Britain	Германия/ Germany	Франция/ France	Италия/ Italy
Продажби на биологични продукти, млн. евро/Sales of organic products, EUR billion	1,6	1	1	1

Източник: Европейски доклад, 2005 г.
Source: European report, 2005

Since the degree of development of organic farming in each country is different, then consumer demand for organic products per capita in them is different. The relevant data for that period are presented in Table 2.

Таблица 2. Потребителско търсене на биологични продукти на глава от населението, 2004 г.
Table 2. Consumer demand for organic products per capita, 2004

Държава/ Country	Дания/ Denmark	Швеция/ Sweden	Австрия/ Austria	Германия/ Germany
Потребителско търсене на биологични продукти на глава от населението, евро/Consumer demand for organic products per capita, EUR	60	45	41	40

Източник: Европейски доклад, 2005 г.
Source: European report, 2005

It is obvious that in Denmark, followed by Sweden, people consume more organic products than the other two countries. In comparison with developed European countries should be noted that in our trade in organic agricultural products and foodstuffs at national level is at the stage of inception.

The share of realized own organic products on the Bulgarian market is only about 1%, while the aforementioned countries it is around 70% of their total output (Report of Organic farming in the European Union – “Facts and figures”, 2005).

According to a SWOT-analysis of the organic farming, the problems in terms of market development and formation of consumer demand for organic products had occasioned by a number of negative factors (National Plan for Development of Organic Farming in Bulgaria, 2006-2013).

These are the following: the need for a diverse range of organic products as organic production is export oriented; the number of processing plants for organic production is insufficient; there are no tax incentives and other incentives for processors of organic production and no distribution network; insufficient production volumes from organic farming to enter the large chain stores; no requests for market research and analysis for products of organic farming; not enough information about the absorption capacity of the internal market in organic products – number of consumers; insufficient consumer-oriented information and popular literature on organic farming.

The national and international market opportunities for organic products have not yet been fully defined. The share of traded Bulgarian organic products on the market is below 1% (Foundation for Organic Agriculture “Bioselena”, 2015).

It was found that 90% of currently produced certified organic products such as essential plants, herbs, vegetables and honey in Bulgaria is exported mainly to Western European countries.

There is export potential of local traditional products from sheep and buffalo milk, etc., But the existing sanitary barriers to impose export processing mainly of fresh products and raw materials, where profits are lower.

Currently, Bulgaria exports herbs to 40 countries worldwide.

The largest percentage is for Germany, Spain, Italy, France, Austria, the USA and Canada.

The main organic products sold on the Bulgarian market are fruits and vegetables, fresh poultry meat and eggs, milk, butter and cheese, and cereal (Foundation for Organic Agriculture “Bioselena”, 2015).

The most important motive for Bulgarian consumers to buy organic products is linked to health and taste, while aspects such as the environment and animal welfare are often secondary motives.

Therefore, in 2007 it was found the graduated consumer demand for organic products in Bulgaria (Dicon Group Ltd. “Study of opportunities for development of chain of organic products in Bulgaria”, 2007).

The data is illustrated in Table 3.

Таблица 3. Степенувано потребителско търсене, България, 2007 г./
Table 3. Graduated consumer demand, Bulgaria, 2007

Биологичен продукт/ Organic product	%
Млечни продукти/ Dairy products	56,13
Зеленчуци/ Vegetables	49,80
Месо/ Meats	41,50
Плодове/ Fruit	31,40
Сокове и напитки/ Juices and Drinks	25,30
Хляб и хлебни продукти/ Bread and bakery products	17,68
Бebешки храни/ Baby foods	17,68
Мед/ Honey	12,93
Чай/ Tea	12,66
Конфитюри/ Jams	12,66
Диетични храни/ Diet Foods	11,08
Подправки и билки/ Spices and Herbs	8,71

Източник: Проучване на възможностите за развитие на веригата на биологичните продукти, България, 2007 г.

Source: Study of opportunities for development of chain of organic products, Bulgaria, 2007

Obviously, the milk, meat, fruit and vegetables, and bread are the most sought after food and they need to develop as production and supply. These product groups are crucial for the development of demand and others not so basic products such as tea, honey, jam and more.

In our opinion, the higher price of organic products is a major obstacle to Bulgarian consumers. So we need to develop approaches to reduce costs without violating the standards for organic production and to shorten the organic products

from producer to consumer, as the cost of wholesale and retail often exceed 35-40% of the total volume costs in the production. Undoubtedly, the price of organic products is influenced and distribution channels. However, in recent years in our country there is a steady trend of growth in supply of organic products.

In accordance with our own research, the sales of Bulgarian organic products are carried out generally in the following three ways: farmers' organizations or other legal forms.

The only example in terms of exports is currently building "Bio Bulgaria - Oil", which managed to carry out the export of organic peppermint and other herbs; from individual producers who can provide sufficient quantities of their own production for export.

They are characterized by a lack of disclosure of their activity in Bulgaria; from company or organization, which purchases goods from farmers and gatherers of wild herbs and fruits gaining the necessary quantities to export them as raw material or after processing. Usually, most of these companies are specialized in gathering wild berries or herbs and processing and packaging.

The main part of the factors that determine the increase in sales volume and improving their efficiency, are identical or similar to outlets in the country and abroad. In our view, increasing the opportunities for sales of organic products in Bulgaria suggests approximation of prices for organic and conventional food products; highlighting the quality of the range; creating separate stands for organic products in the stores of major retail chains; increasing the variety of organic products and foods.

Successful sales of organic products depend on a number of important factors such as: frequent promotional and advertising campaigns; providing a comfortable environment for buying, creating specialized stores; offering organic products to excellent restaurants and government offices.

We think that, the state institutions can give a real boost to the development of the organic market in the country. An opportunity for its popularization, we think, from a vital importance to be settled are specialized organic products market places across the country.

Also, an organic products may be available and the large number of tourists visiting the seaside and winter resorts in the country. Agritourism was a real prospect for biological farmers for establishing direct sales.

Relatively new but fast growing form of realization of production is e-commerce, through which farmers can sell their produce. Prospects for e-commerce with organic production are very large.

Before biological farmers there are two basic alternatives to e-commerce: products to be offered to existing and popular sites and production to be marketed by creating producers' own site.

Although insufficient information among consumers, nowadays there are organized a processes, so called consumer groups or model of solidarity agriculture, that help to direct contacts between consumers and producers of organic products.

CONCLUSIONS

From the aforesaid, we can highlight the following important conclusions: although with slight rates of growth in consumption, the market for organic products in Bulgaria is underdeveloped; organic food has not figured prominently in the consumer basket; the higher price of organic products is a major obstacle to Bulgarian consumers; the substantive measures to overcome the existing problems and the special attention to increase consumption are real opportunities for the development of the organic market in Bulgaria.

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