



Business Development in Bulgaria through the Prism of Digital Marketing

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Abstract. The purpose of this study is to outline the reasons why using digital marketing in business in Bulgaria is a smart investment decision which supports business development. A profound review of various analyses and studies examining business development through the prism of digital marketing has been made. It is argued that the need for online presence and at the same time the promotion of an activity through the tools and techniques of digital marketing are essential factors for developing a competitive and successful business in Bulgaria.

1. Introduction

To keep up with ever-developing technologies and globalization processes, small and medium-sized companies in Bulgaria either change their business models to online one, or upgrade their current marketing activities via digital marketing strategies. This is a must-do action in order to capture the growing share of online consumers in comparison with the traditionally buying ones in brick-and-mortar stores.

More and more Bulgarian households are using the Internet for personal and professional purposes. Internet traffic on the territory of Bulgaria has increased by 4% compared to 2018.[1] Mobile communication and mobile search for information are growing at a very rapid rate, thus it is required site owners and online store owners to focus their efforts on optimizing their mobile versions. Bulgaria reports growth in online commerce and internet consumption compared to 2018 [2].

The *purpose* of this study is to outline the reasons why using digital marketing in business in Bulgaria is a smart investment decision which supports business development. The *object* of the research is digital marketing, and the *subject* is the use of digital marketing for business development in Bulgaria.

Nowadays, how a target audience is attracted online makes the difference between a successful business and a failed one. It does not matter how high the daily traffic to a site is, unless it converts to leads or sales. It is argued that the need for online presence and at the same time the promotion of an activity through the tools and techniques of digital marketing are essential factors for developing a competitive and successful business in Bulgaria.

2. Literature Review

Sørensen defines business development as "an organizational process that ensures continuous and lasting improvement of existing businesses and contributes to the identification and development of

new business opportunities"[3]. Business development is meant to create value, to look after investments and benefits, to create prerequisites for long-term achievements, targeting customers, stakeholders, communities, employees and shareholders.[4]

Business in today's economy environment needs to be adaptable and flexible in the ongoing digital transformation. With the help of digital marketing techniques and tools, companies will successfully grow and position themselves at the market.

Digital marketing is a part of a greater general process of digital business transformation, it is today's marketing, not in any future period.[5] According to Chaffey, digital marketing is "achieving marketing goals through the use of electronic communications technologies". [6] According to Joe Pulizzi and Robert Rose, this change in market conditions should also lead to a change in the established way marketing departments have worked for the last 75 years.[7]

Over the last few years, the importance of digital marketing has changed. It has become an integral part, and even an indispensable element for every business. And to be successful, maintaining a website and promoting posts on social networks has long been insufficient. The digital marketing strategy is a necessary part of every business today. Otherwise, time would work against the business.

The foundation of the company's digital marketing strategy lies in its relevance - to competitors, to advertising approaches and techniques and so on. Good speed in the digital environment will bring flexibility for the company when it comes to digital transformation[8].

3. Research Methodology

Based on a profound review of various analyses and studies examining business growth through the prism of digital marketing, some factors have been outlined that help business development in Bulgaria through digital marketing. The study also presents quantitative analysis on the basis of secondary statistics of Ascend2, NSI, Statista, Eurostat, BEA and others. The author's position is given on the essential factors for developing a competitive and successful business in Bulgaria through the use of digital marketing.

4. Factors helping business development in Bulgaria through the use of digital marketing

In a highly dynamic and changing competitive environment, adapting to new technologies shall be a strong consideration for competitiveness and development of companies in the country in future. The factors helping business development in Bulgaria through the use of digital marketing are becoming increasingly important, as outlined in this study:

➤ Equal opportunities

According to European Parliament's data [9] micro, small and medium-sized enterprises (SMEs) constitute 99% of companies in the EU. In the USA, the percentage is similar. In Bulgaria, the number is the same – small and medium-sized companies are 99 %, generating 65 % of the added value and closely 75 % of the jobs.[10] Given they are the engine of any economy, it is essential that today, digital marketing level the chances and enables small and medium-sized companies in Bulgaria to compete with multinational companies and large corporations with many resources and to attract their target audience.

With the help of digital marketing, small companies have the opportunity to run effective marketing campaigns that were previously only possible for large corporations. Even without a call center, small businesses can effectively engage a large number of customers, without geographical restrictions and without the need of a physical store.

If using the platforms of Google, Facebook or any of the other big ones in the online business, as an advertising channel requires special technical skills, this will limit the market to large companies that can afford to hire highly qualified professionals.

But Google would not be deprived of the large market of small and medium-sized enterprises, so not only did it make its software so that everyone could work with it, it also developed free training programs that would further facilitate this process. To increase interest and make its products more attractive, the Internet giant has also created certificates.

One of Google's most popular training programs is Digital Garage. The purpose of this program is to "hook up" people who have no idea of digital marketing and to create a foundation for them to become active participants in the online business. This is also a part of the company's efforts to mass-market its products.

Facebook's approach is no less different. Training modules and certification programs have also been developed for this social network.

The big platforms in the global network and online business want everyone to be their customer and have created the necessary conditions for this to happen.

For decades, the implementation of new technologies required huge upfront investments and maintenance costs, making them available only to large corporations. Thanks to the development of cloud technologies, building an appropriate technological infrastructure is also accessible to small and medium-sized companies. This is of great importance for the growth of the economy.

Therefore, implementing the right technologies and solutions is a key to optimize business processes and gain growth for SMEs in Bulgaria.

➤ Being cost-effective

Small businesses in Bulgaria are fighting their positions with fewer resources, that is why it is important that digital marketing gives them better and cost-effective marketing channels that convert to results.

Cost effectiveness is shown by data [11], which indicates that in order to reach an audience of 2000 people, companies spend around \$150 on broadcasting, \$200 on newspaper, \$500 on magazines, and \$900 on direct mail – all of them present channels of traditional marketing. In comparison, digital marketers only spend about \$75 on social media marketing and \$50 on search in order to reach roughly 2,000 people.

Business owners are increasingly relocating their advertising expenses and focus more on digital online marketing tools and techniques at the expense of traditional media channels. Marketers have been reducing their budgets for traditional advertising according to Statista [12] for the period 2012-2020.

These world tendencies are another reason why Bulgarian companies need to focus on digital marketing to support their business development.

➤ More conversions and better revenue

Conversion in digital marketing means how many visitors of a business website are actually converting into customers. The businesses online measure success by the percentage rate of incoming traffic which gets converted into leads, subscribers or sales. Traffic means nothing, unless it leads to conversion. The higher conversion rate is, the greater revenue is. That is why Bulgarian business owners steer their digital marketing campaigns to conversion optimization, making it a top priority.

According to Ascend2 [13], marketing influencer's top five effective tools to achieve lead nurturing priorities are e-mail marketing, content or video marketing, social media marketing, web personalization and SEO. When used in digital marketing campaigns, they generate fast and effective communication and engagement with the target audience.

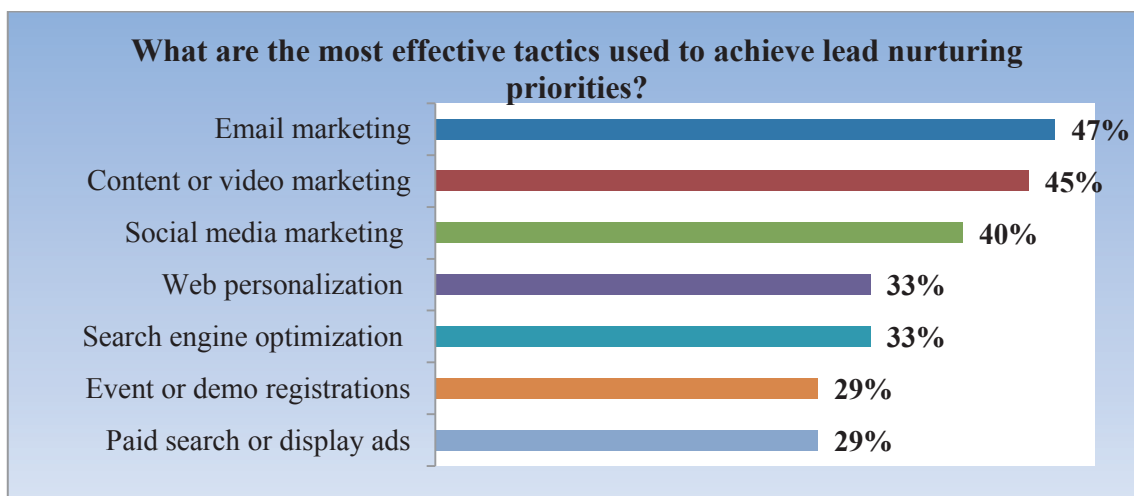


Figure 1. What are most effective tactics used to achieve lead nurturing priorities?
Source: Ascend2 and Research Partners – Generating and Nurturing Leads Survey, 2018

➤ **Generating higher profit**

Higher conversion rates generated by effective digital marketing techniques will bring many monetary benefits to businesses in Bulgaria.

In 2017, there was an increase of 16% of net revenues from internet advertising in the country, namely in 2016 they were BGN 91.3 million and in 2017 they reached BGN 106.1 million [14].

Enterprises find the potential of digital advertising as a means for reaching their target audience through relevant content, and an increasing number of them are entrusting their online communications to specialized digital agencies. As a consequence, the revenues of the largest digital agencies also increased, amounting to BGN 48.6 million in 2017, nearly 25% more than the previous year. Totally 18 agencies of the top 20 agencies report growth in their turnover, and in 4 agencies the increase is over 100%. [15]

➤ **Engage with the target audience easily**

In traditional marketing there is very little interaction between the medium used and the customers. It is more of providing information to the public that the brand exists with the hope of these people patronizing the brand. One of the main reasons for the rise of digital marketing over traditional marketing channels is the ability of Internet marketing tools to interact with the target audience in real time. Engagement in any form is what customers expect to receive when interacting with a company brand or business. How the business handles this engagement and interaction shows whether the company will succeed or fail.

By interacting with the target audience, the company can provide it with the information it needs. This information will guide the company to make next steps, to provide a better experience for the customer and build a better connection with them. This, in turn, will provide the company with loyal customers who trust the brand. And it is precisely such clients that the company needs when its business begins to grow.

Customer engagement is a key factor which Bulgarian companies need to address in order to ensure strong brand presence.

➤ **Focus on the mobile consumer**

In 2019, according to NSI data [16] 63.2 % of Bulgarian population access internet through mobile device. For comparison, in the European Union this percentage is 75 % according to Eurostat [17]. Mobile marketing introduces easier and better way to communicate directly with customers and advertise products.

Now is the best time for a company to activate digital marketing campaigns targeting mobile users, paving the way for business expansion in Bulgaria. Mobile devices have become something that, in

some cases, has a strong influence on the purchasing decision. 40% [18] of consumers say they use their mobile device to conduct research prior to making a purchase.

➤ Establish brand reputation

The strength of digital marketing is its ability to attract targeted traffic. If a company keeps its promises and delivers products or services that meet the previously described ones, it builds a better relationship with the target audience and move it from people who are interested to people who pay for the company's products or services. Connecting with the customers after the purchase and showing concern for their experience will make the company the preferred choice over the competition.

This proves to be very positive for the brand reputation of the company, as satisfied customers are likely to tell other people about their experience with its brand, product or service. The company's brand becomes recognizable, opening up new opportunities for development. That is why brand reputation is an important task on which Bulgarian companies need to work.

➤ Return on investment in digital marketing

Digital marketing gives companies better return on investment than traditional marketing channels. In traditional media in Bulgaria, the cost is usually too high for small and medium-sized businesses, and the results are usually vague and difficult to measure.

Digital marketing, on the other hand, can be easily monitored, and results can be measured as soon as the target audience provides contact information, signs up for a newsletter or training program, or makes a purchase. The key to digital marketing success is to generate a steady stream of targeted users who convert to leads or sales. The more traffic from target customers generates the marketing efforts of the company, the faster it will make the return on its investment.

That is why there is an increase in investments in online advertising in Bulgaria. The net volume of the internet market in 2018 reached BGN 98.5 million, which was an increase of 7.2% compared to the previous one. About one-third of the total market volume in 2018 was gained by local online companies, while BGN 66 million were channeled to the internet giants Facebook and Google. Video ads in 2018 were a preferred tool for companies to reach audiences. Although investment in digital advertising in Bulgaria is increasing annually, investment per capita is one of the lowest in Europe and well below the average for the continent. On the other hand, Bulgarian companies invest more in online advertising per capita compared to the neighboring countries – Romania and Serbia, but also twice less than the investment per capita in Greece. [19]

➤ Winning people's trust

Currently, digital marketing relies more on social media for direct and personalized interaction between a brand or business and its target audience.

In Bulgaria the percent of enterprises using social media in 2019 is 33 %, which is considerably lower than the one in the European Union – 51 %, according to Eurostat [20]. This shows that it is a direction in which Bulgaria needs to focus to gain business success and to be competitive with the European companies.

Digital marketing uses social media signals, feedback and testimonials from real customers who have previously purchased, joined, or tried a product or service advertised by a particular brand or business. The more reliable these social signals are, the more trust they generate for the target audience.

➤ Encouraging people to the desired action

While social signals and recommendations help a business gain the trust of its target audience, digital marketing uses effective strategies that encourage people to take an action the business wants them to do. Conversion to leads or a sale still depends entirely on the site visitor. Consumers are not compelled to do anything, but digital marketing professionals use clever and innovative ways to drive conversion using Call-To-Action.

Call-To-Action (CTA) specifies what a visitor should do next – whether to log in, download something, call or buy – specific steps that will encourage the customer to take the desired action. Innovative forms, buttons and text are optimized by color, graphics and even positioning on the page to produce the best possible result in terms of performing the desired action. What is more, according

to a study [21] personalized CTAs (they are tailored to an individual according to their location, browser language, whether they are already a customer or a lead, etc.) convert 202 % better than a default version of CTAs (they do not change depending on the specifics of a visitor; they are the same for every visitor that sees them). Therefore, Bulgarian companies should work on developing personalized CTAs for better performance.

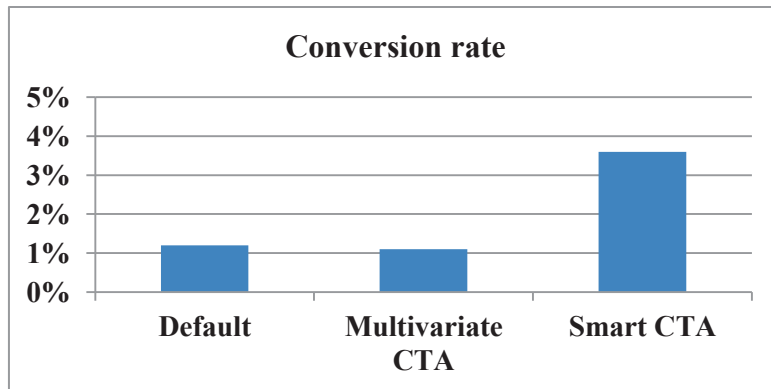


Figure 2. Conversion rate
Source: HubSpot

➤ Preparing the company for Internet of Things

Internet of Things is a concept for a global ecosystem of connected devices - tablets, smartphones, gadgets, appliances and more that can communicate with each other via the Internet. The total installed base of Internet of Things (IoT) connected devices is projected to amount to 75.44 billion worldwide by 2025, a fivefold increase in ten years.[22]

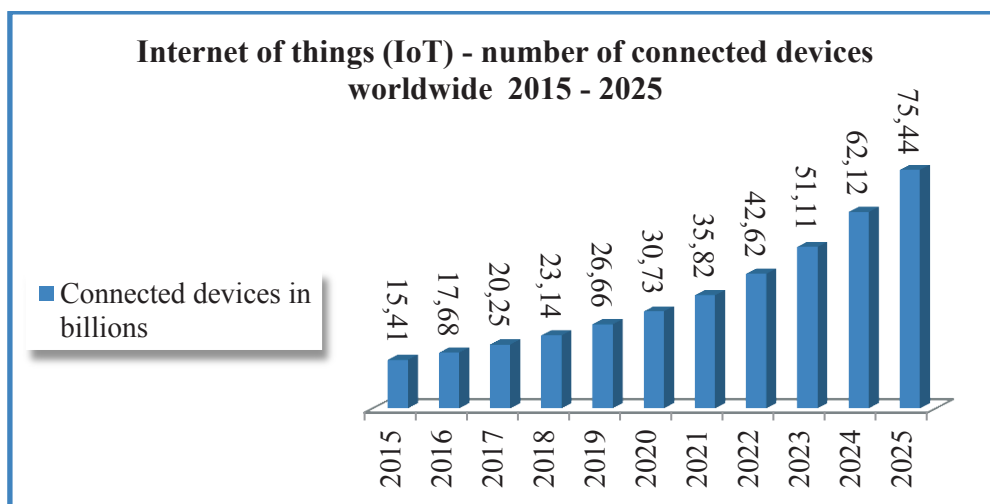


Figure 3. Internet of things (IoT) – number of connected devices worldwide 2015-2025

Source: Alam T 2018 A Reliable Communication Framework and Its Use in Internet of Things (IoT). *International Journal of Scientific Research in Computer Science, Engineering and Information Technology*. Volume 3, Issue 5. pp. 450-456.

Digital marketing prepares the business of the company for this interconnected ecosystem that is around people. Survival of the company's business in the era of the Internet of Things means joining this interconnected network, enabling the company to reach out to its target audience using that network.

➤ Ensuring the survival of the company's business online

Concerning physical stores in Bulgaria it is a normal thing to enter the store, browse some products and go out without buying anything. Many such people come and go, but targeted consumers actually make a purchase and if satisfied, come back to shop again. If the company attracts less from the second type, sooner or later its physical store will become more of a burden than a profitable endeavor.

The online business of the company can experience something similar. If a business has a large number of visitors but no one converts, sooner or later its business will cease to exist. Digital marketing helps Bulgarian companies use proven strategies and techniques to drive not necessarily more traffic, but rather highly targeted traffic that delivers real results. Targeting the right audience that brings real sales to the company is what digital marketing does – ensuring the survival of the company's online business.

Conclusion

Nowadays digital marketing is a must. The target audience of the company is online, they search for it, and if they cannot find it, they turn to the competition. Internet is a place where people search for products and information and make their purchase choices. If a company relies only on brick-and-mortar establishments and product presentation from sellers, it misses a very large segment of customers who would otherwise buy from it. The results show that online presence and activities performed by digital marketing means are of key importance for successful business in Bulgaria in long term. What is more, digital marketing opens opportunities for Bulgarian companies to be competitive globally.

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