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COMPETITIVE CONVERGENCE AND DIGITALIZATION IN BULGARIAN RETAILING[2]

Digitalization changes the limits of modern life in the social and business spheres. Finding themselves in direct contact with and being dependent on the digitally literate and technology-oriented user, retailers seek to build dynamic competitive advantages with the opportunities of digitalization which blurs and moves their strategies closer together in the intensified competitive struggle. In that regard, the aim of the current study is to determine the presence of a competitive convergence between the leading traditional and online retailers in the consumer market and the impact of COVID-19 on the competition. The methods of content analysis of documents, the dispersive and deductive analysis in the aspect of the theory of competitive advantage and the structure of the sector have been applied. Retailing is increasing its significance for the country's economy as traditional sales increase, though at a significantly slower rate than electronic ones, especially after the pandemic. In the context of the decrease in the concentration of the traditional market, contrary to the growth of the electronic one, the share of the retailers who are practising hybrid forms is rising. This way the results obtained display an interpenetration (convergence) of offline and online retailing and the achievement of sustainability of the competitive advantage via constant and balanced use of digitalization.

Keywords: competitive convergence; retailing; digitalization; sustainable competitive advantage; competitive structure of retailing
JEL: L10; L81; M21

1. Introduction

Competition is on the basis of effectively satisfying the needs of humanity while its success is the cornerstone of company profitability. The struggle for limited resources and in particular for consumer attention and income intensifies and takes an increasing amount of economic “sacrifices” with every step of development of the new digital technologies. Their introduction and the consequences of the COVID-19 pandemic are the primary driving force for strategizing and the formation of an adequate client-focused retail offer and success in the competition confrontation.

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The use of digital technologies for the everyday life of every individual makes the consumer the centre of "the retail universe". The necessity of meeting the needs of both the younger and the older generations is a prerequisite for combining the most profitable offline channel with the increasingly preferable online one in order to market products and introduce digital technologies at every stage and in every subject while creating consumer value. Achieving competitive advantage transcends the limitations of maintaining lower costs relative to the competitors or the differentiation of the supply, the use of purely traditional channels or the purely digital kind, operating through universal retail formats or highly specialized ones and achieving the speed, acceptance and the lower cost of the digital technologies used. They disrupt the competitive structures by changing the relationships with customers and suppliers, they decrease the barriers to entry in the industry, intensify competition and create interpenetration between offline and online sales. In light of the customer-centric naturel of enterprises, the distribution of market forces is driven by consumer behaviour which is directed towards new technologies and digitalization that in turn has the competitive retail environment change direction towards interpenetration – the convergence of different channels to establish a deal. The balance between the type and scale of integrating digital modernity into the traditional, real, and human aspects of life is crucial to achieving continuity in the rising level of success.

This paper makes a comparison between the competitive levels in traditional and digital retail for the 2012-2022 period, with the goal of demonstrating the blurring of the boundaries between their industries, the high degree of convergence and the dynamics of the companies' competitive positions through the lens of modern digital technologies. The following hypotheses are observed via a descriptive, deductive and content analysis of documents:

- H1: Retailing is increasing its turnover, the share of traditional sales is predominant, however, the trend of e-commerce has marked a significant growth, notably as a result of COVID-19's impact.
- H2: the physical presence of retailers becomes decreasingly important for the success of their activity contrary to their omnichannel-based strategies.
- H3: The competitive positioning of the top 20 retailers of the common market and that of the e-retailers' is characterized by a high dynamism in time and an unevenness in distribution.
- H_4: The positioning of the top 20 hybrid retailers also undergoes significant fluctuations and unevenness in the market shares of the common (the market of the traditional and digital retailers) and digital markets, however the share of multi-channel retailers and the desire for multi-channeling are increasing.
- H5: The influence of retailing in the distribution channel increases through a convergence between traditional and online commerce.
- H6: The successful business strategy of the retailers is related to the simultaneous realization of the offline and online business models.

The primary limitations of the current study can be identified as: the positioning of the retailers without taking into account their commercial format or offered assortment; the use of data from a singular source – the database of Passport, which aims to accomplish a comparability and precision of the results obtained; the positioning of retailers has a competitive character, i.e. it is oriented towards the definition of the place in competitive landscape that the retailers that as a result of the already applied by them marketing and competitive strategies. Despite the different approaches and determinants that could be used to display competitive differences between retailers of the traditional and electronic markets, the current study utilizes the market share as a positioning criterion. It is one of the most commonly used indicators when positioning the competitive indicators separately or aggregately with the others.

2. Theoretical Fundamentals of Competitive Advantage, Competitive Convergence and Digitalization

In a world in which monopoly is forbidden and there are only examples under exceptional circumstances, enterprises, specifically the retail ones, are contending to satisfy the needs of the consumers in a better, quicker, and more attractive way therefore reaching "the top" of the competitive markets. The competitive occurs when „the company can create more economic value than the equilibrium point of competition" (Peteraf, Barney, 2003, p. 314) or when „create more economic value than its less efficient competitor" (Sigalas, Pekka Economou, 2013, p. 70). If the sources of competitive advantages are considered a variable, the difficulty and complexity of which escalates with time then their demand, adaptation, and application is a strategy that distinguishes itself with constancy in that aspect. The curve of the sources of competitive advantages through the lens of the approaches of different researchers changes in the context of their times and working practical aspects. While the classicist A. Smith sees the perfect picture of the market and the price – a negotiation tool that balances the interests of supply and demand, as a source of competitive advantage, the latter approaches contradict the possibility for it to be the deciding factor in the competitive struggle (Kurz, 2016). Its utility is short-term and can lead to a threat of "price wars" which can force competitors out of the market, destroying the idea of competition within it. The approaches of E. Mason, J. Bain and M. Porter consider the components of the competitive structure as essential for company behavior which is directed at increasing the market share by providing utility at a competitive price (Caves, Porter, 1977). Factors such as intensity of competition, barriers of entry and exit from the sector and market power of companies in regards to customers, suppliers, and substitute products, determine the attractiveness of the sector and from that point on also the opportunity for the companies to achieve a higher income. In practice, however, the single commercial unit, with its strengths and weaknesses relative to competitors, is not affected as a factor in its own competitiveness. Antagonistically to the search for success outside company behaviour, the more recent approaches regard namely the capabilities of the business itself in relation to demand and the implementation of good practices as a deciding source of an advantage. For example: (i) J. Schumpeter considers the ability of companies to copy the successful characteristics of their competitors as "creative destruction" i.e. as a source of excess profit for one side and a loss for the other (Schumpeter, 1950); (ii) F. Hayek puts at the core of success the dispersed knowledge and asymmetry of information that facilitates "the knowledgeable" companies to undertake more effective actions and to be more viable (Hayek, 2002); (iii) R. Nelson and S. Winter – the agents' adaptation to the environment by utilizing a behavior to maximize profit, the "trial and error" type of actions, imitation and a reduction of the managers' dependence from the last experiment (since this leads to so called "blind spots") and an adequate use of knowledge lead to better results (Nelson, Winter, 1985); (iv) R. Rumelt, J. Barney and other economists working in the direction of a Resource Based View, identify the possession of value, rare, imitable and substitutable resources and capabilities as a source of company success as only 8% of effectiveness is dependent on outside factors (Barney, Hesterly, 2014; Rumelt, 1991;); (v) M. Porter further develops his vision on the types of competitive advantages in which he sees the lower costs, the higher differentiation or the limitation of the market scope to selected niche markets (Porter, 1998); (vi) According to A. Rangon the development of a few key competencies (unique resources, information possessed, better processes) is crucial for small and medium-sized enterprises which in turn has a high correlation (0.83) to achieve a competitive advantage (Rangone, 1999; Bani-Hani, 2009). In the modern digital world, sources of competitive advantages are sought in every single one of the specified directions, however, it's done in accordance with the digital capabilities of the modern world (Jarosiński, 2023). The cooperation between enterprises of different types and levels of activity, including the ones competing against each other and the high-tech ones (cauterization) is considered a modern source of competitive advantage for the sectors (Braja, Gemzik-Salwach, 2019; Luo, et al., 2022). The dynamic capabilities of the firms, the labour productivity, and entrepreneurship (Pattanasing, et al., 2021), along with digitalization are regarded as a way of achieving better and more stable results than the competitive ones and a more sustainable market positioning (Knudsen, et al., 2021). In the era of digitalization, the term for competitive advantage is modified as in its base the relationship between the company and the client is fostered, that is maintained via digital technologies. Competitiveness transforms into competitive cooperation in which companies act as a united ecosystem to offer the best possible value for the users. As a result of the changes in "the recipes for success" in the competitive war, present-day poses questions regarding: the complexity of the competitive advantage i.e. the interweaving and use of sources from both the outside and inside environments, the dynamism of the established advantage and the competitive cooperation contrary to competitive rivalry in the fight on the global arena on the digital markets.

Retailing is strictly dependent on the dynamics in the behaviour and requirements of the end user. As a result of his market power, retailers who initially act via convenient shops transform their format into a universalization of their product assortment, scale of activity, and distribution channels. Competition between them starts from the creation of new formats, the interweaving of their characteristics, and the creation of new retail offers, and it reaches the unification of activities under one roof by realizing a hybrid format whose strategy is to combine the trade area, location, realization channels, and pricing strategies (Aranda, et al., 2018). In the digital age, the winning combinations sourced from competitive advantages are becoming more similar to each other since as every company chooses to innovate its activity with the help of new technologies, the importance of informational asymmetry decreases and this helps accomplish similarity in its behaviour to achieve the same result as its competitors. In that aspect, the sustainability of competitive advantages is expressed in the adaptation and the constant focus towards reaching temporary, dynamic competitive advantages. "Best practice competition eventually leads to competitive convergence, with many companies doing the same things in the same ways" (Porter, 2001). This type of convergence which closes the distance between strategies and company behavior (Langohr, 2003) can become a stimulus for a loss of customers, managerial short-sightedness, or concerted practices by market players that are forbidden by law and can limit, disrupt, or impede the effective competition on a given market. To control the market's pulse and the competitive interactions of the individual company is a sign of its viability, however, the pursuit of imitation, of quick and short-term results could be a prerequisite for failure to reach a long-term competitive success. To avoid that „Companies may need to give up on seeking the once-coveted "sustainable competitive advantage" in favour of what some call "renewable competitive advantage," using one temporary position of strength to hopscotch into another" (Fiol, 2001, p. 692). Convergence (the similarity and approximation) is directed towards (Brondoni, 2008):

- The territorial range and location by building new retail establishments under the authority of a single corporation, a horizontal concentration and/or creating agreements with independent retailers from the franchising type and/or the realization of digital retailing serving new territorial locations.
- The digitalization through the use of the possibilities of artificial intelligence, machine learning, robotization, block-chain technologies, and business augmented reality.
- The channels of distribution through a vertical integration with the distributors or through a parallel or hybrid realization of online or offline business thus resulting in a blurring of the lines between the primary market and its replacement.
- The systems of analysis of data and company results.
- The systems of creating consumer value through a common identification of products and services that are of higher importance for the users and an adaptation of good practices.
- Some trade formats of realizing a business whose independent existence is threatened or completely erased (Aranda, et al., 2018).

Digital technologies change the way of life of consumers and from that point on the way of doing business. In a modern society where the current generations of X, Y, Z and Ω have an increasing impact on the market and with their interactive behaviour consisting of purchasing everything at a time, place, and method convenient for them, the fight for a competitive advantage shifts from the area of the traditional, tangible and real to the virtual reality of the Internet, AI and SMART technologies. Globalization and digitalization amplify the process of competitive cooperation and competitive convergence. If the so-called trade openness index[3] reaches 56.54% on a global scale in 2021, while in Bulgaria it's more double the rate – 120.97%, then in the year 2000 these values were respectively 50.7% and 77.75%, while in the far back 1990 – 37.61% and 69.85% (Ortiz-Ospina et al., 2014). In practice the development of importing and exporting of each country, and on a global scale, displays the high level of interlinking of the separate national economies and their readiness and liberty to make international deals on a global scale. Digital technologies established themselves in worldwide retailing at an incredible rate. An example of this is the chatbots that have spread

[3] An economic metric calculated as the ratio of country's total trade (the sum of exports plus imports) to the country's GDP.

across business industries for a relatively short period which make the trade offer in sites and companies more interactive, fun, and better at problem-solving, as well as more individual and modern for the users while for the retailers – an economic technology (Misischia, et al., 2022). Another example would be the policy of utilizing cookies that are used to select your preferred web content, evaluate the influence of ad messages, and other marketing goals as well as collect statistical data for the use of websites (Stojanov, 2020). New technologies shake the competitive structure of sectors in the direction of:

(i) Blurring the lines between the industries (Brondoni, 2008) and those between offline and online commerce in which an increasing number of pure players turn into hybrid types that practice an omnichannel business model to reach consumers. The blurring of the boundaries covers the process of their fading when it comes to practising simultaneously online and offline activities during which they coexist and provide value to the consumer as one whole intertwined activity instead of two separate discernable ones. This way, omnichannel and multi-channel business models are developed.

(ii) Lessening the effect of informational asymmetry which increases the market value over the users and helps them to not only purchase “a lemon” for themselves (Akerlof, 1970) but also causes extensive direct or indirect network effects (OECD, 2012). Those create a ‘snowball effect’ on consumer interest and shift it towards one or another retail business, and can be a cause for high or low switching costs, depending on the qualities of the retail service offered by the competitors.

(iii) Relationships with product distributors transfer from the surface of only the competition for better contract conditions to that of cooperation of efforts for maximum satisfaction of consumer needs. Digitalization allows for a significant reduction of retailer costs regarding stock management and the organization of product supply as well as the fact that it decreases transactional costs by simplifying the processes of choosing suppliers, concluding a contract, making an offer, and tracking it, along with the increase of well-informed retailers as buyers of products from the suppliers (Hüther, 2016).

(iv) In their fight for the digital user, retailers diversify their activity by entering into related and unrelated sectors, and that in turn broadens competition even in regard to products with different natures and characters. Out of the top 250 world players in retailing, 7.6% have established unrelated diversification, thanks to which they take up a share of 15.6% of the total revenue from sales in 2021 (Deloitte, 2023). The supply of a complete physical and digital experience in the process of purchasing increases the scale of the commercial activity and envelops the standard commercial service in a package of additional services which reinforces the loyalty of the clients and their ability to make a decision.

Permanent and timely technological innovation is an imperative condition for the competitiveness of each firm. Their widespread introduction into the business makes the banal opposition as a “game with zero amount” ineffective and replaces it with efforts toward cooperation and interaction with different contact audiences that in turn gives birth to a competitive convergence not only in the behaviour related to the application of digital solutions but in the role and functions of enterprises in different sectors.

The trend of the modern markets is the expansion and blurring of their boundaries, the increase in scale and range of company activity. Strategies of focusing, diversification and vertical integration are often used to allow for the business to satisfy the needs of an ever-growing part of users as this simultaneously accomplishes a high financial collateralization. Commerce as an industry is characterized by its concentration and a high economic added value for society and the economy itself (Stojanov, 2023). The concentration of sectors transforms the competition leading the markets. The demand for sources of competitive advantages and their retention become the challenge for the biggest participants alongside a fade away of the borders of the information asymmetry, due to the Big Data Analytical Systems instruments, leads to a destabilization and insecurity in the industry leadership. The different forms of integration of the efforts of market actors from different industries have been acknowledged as sources of competitive advantages in a situation of technological changes and innovation (Bessonova, Gonchar, 2019). In this situation, practices of horizontal concentration are common in the form of mergers, infusion, or absorptions, of joint management under the umbrella of holdings, a vertical integration with distributors to achieve lower costs and an independence of supply, as well as malicious and unlawful trade practices and collusions between different participants in the exchange process that disrupt the competitive and market mechanism such as cartel activities for example. The use of new technology requires large initial financial investments and high maintenance costs that are not accessible by the smaller players on the market. Their management and transaction costs are not competitive while the lack of well-established market niches for focus strategy threatens their existence. The small players cannot withstand the complexity of the markets and the requirements of digitalization without combining their efforts which also creates competitive convergence and an integration between them. With the help of digital technologies meant to facilitate a person's life in a professional and personal sense, companies compete irrespective of product, territory, the method behind it, and the character of its retail offer. This puts retailers in a situation of desired or compulsory competitive cooperation (Nalebuff, Brandenburger, 2021) in a big circle of suppliers of goods and services, users and contact audiences, and other competitors that determines the availability of market convergence and the synergistic effect on the relations of the ones competing for the market's cash flows subjects (Rancati, 2010). The wider competitive ecosystem tilts the scale towards convergence instead of opposition and antagonism.

3. Methodology of the Study of Retail Competition under the Influence of Digitalization

The subject of this paper is the 20 largest retailers in Bulgaria according to Euromonitor International for the period 2012-2022. The chosen period provides an opportunity to also evaluate the impact of the COVID-19 pandemic on the retail business in Bulgaria. The study didn't take into account the character of the retail formats or products sold, however, it makes a juxtaposition and comparison of the competitive positioning between the main retail market and the e-commerce one. Competitive convergence implies the converging and blurring of competitor strategies related to business conduct, sector limits, and the mutual penetration of the main market and that of substitute products. In this regard, the primary indicators of its availability can be found in the measurement of the intensity of the competitive rivalry and in particular in the concentration of the sectors. In view of the M. Porter model of the five competitive forces, the intensity of the competitive rivalry is influenced by the amount, concentration, strategy differentiation and behaviour of competitors, but also by so-called extended rival (Porter, 2008). Customers, suppliers, new competitors, substitute and complementary products are factors that more or less have an impact on the effectiveness of the competition between companies. The more numerous, less concentrated, and more equal in power and positions the competitors in between are, the closer and more convergent their strategies, the more fierce the rivalry will be, and the less the sector profitability will be.

This way, the state and dynamics of the competitive positioning by market share are tracked as a primary indicator for every year of the period, the unevenness and structural changes in the positioning, a juxtaposition is made between the positions of offline and online retailing, the power of hybrid commerce and the concentrations of retailing. The market share is an important indicator of assessment of the relative position of the companies on the market. Its use allows for every competitor to determine his own strength and domain, which are a result of effectively realized marketing tactics and strategies which are positively rated by the consumers. I.e. the market share is a result-based indicator that distinguishes the competitors on the market and it is often used for their competitive positioning. The primary market in the current paper is regarded as one of the Top 20 biggest retailers by market share as reported by Passport, while the substitute products are determined by the electronic commerce type, to the point that if the client does not prefer to shop from a brick-and-mortar shop, he would choose the convenience of the e-commerce one. The results from tracking the competitive rivalry help determine the importance of digitalization, the presence of convergence, and the significance of retailing for the welfare of the economy.

Primary indicators of measurement are seen as:

- Concentration Ratio of 4 biggest firms (CR_4) in % is the sum of the market shares of the four largest companies in the industry.

$$CR_4 = \sum_{i=1}^{4} MS_i \qquad (1)$$

Where: MSi – market share of rival 'i', (i=1, 2, 3, 4). When CR_4<50, the market concentration is low and the market is normally competitive; CR_4 between 50% and 85%, the concentration is in the middle and the market is relatively competitive; CR_4>85, the concentration is high and market is lowly competitive (Papatheodorou, 2016).

- The Integrated Coefficient of Structural Changes in Market Distribution (ICSCMD) (Gatev, 2007, p. 44):

$$ICSCMD = \sqrt{1 - \frac{2\sum_{i=1}^{k} MS_{it-1} \times MS_{it}}{\sum_{i=1}^{k} MS_{it-1}^2 + \sum_{i=1}^{k} MS_{it}^2}} \qquad (2)$$

where: MSit – the market share of rival 'i' in moment 't'; MSit-1– the market share of rival 'i' in the 't-1' moment; k – the number of rivals.

- The Integrated Coefficient of Inequality in Market Distribution (ICIMD) (Gatev, 2007, p. 124):

$$ICSMD = \sqrt{1 - \frac{20000}{10000 + \sum_{i=1}^{k} MS_{it}^2}} \quad (3)$$

To track the connection between Internet sales and GDP per capita, the Internet and physical shop sales per 1 m^2 of area, the concentration of the main retail market, and the GDP per capita, the non-parametric coefficient of correlation Kendall's tau_b is used which allows the tracking of the strength of the connection between the two variables without the necessity to follow the statistical requirements of the standard coefficient of correlation of Pearson.

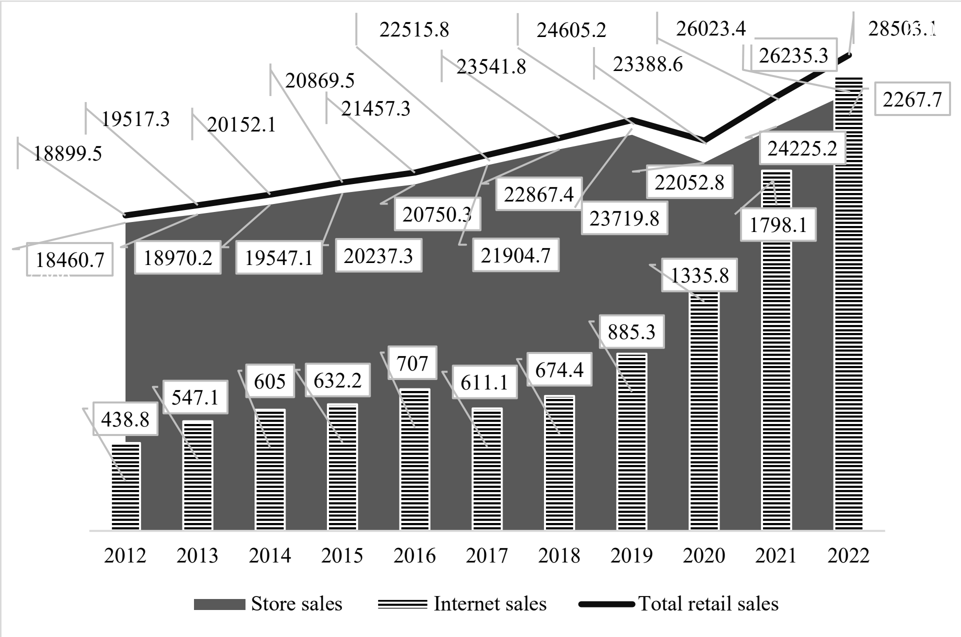
4. Condition and Trends in the Competitive Structure of Retailing

The Bulgarian retail market is developing at a fast rate (Figure 1) with a trend towards an increase in sales (in total as well as separately in the physical shop sales and the internet ones). In comparison to the beginning of the 2012 period, the total sales of the 2022 period have a 50% increase, retail sales in stores specifically experience a 40% rise while the Internet ones a good 420%. The stores and total sales mark a chain reduction during 2020, while internet sales as a result of the COVID-19 pandemic and the measures taken to prevent its spread increased by a solid 50.9%, maintaining the same pace during the following years but with a slightly lesser value. Overall, the development of Internet sales and online retail is drastic for the period, with the exclusion of 2017 during which online sales dropped, their growth rate for the period is from 1 to over 5 times higher than those of the store sales throughout the years, however, their share in the total retail sales remains very low – 2.3% for 2012 and 8% during 2022. Despite the dependence between Internet sales and the welfare of the economy is very high (Kendall's tau_b (10)=0.867, $p<0.01$)[4], towards 2021, the Bulgarian e-GDP[5] is estimated at 2.00% in comparison to Europe’s 4.29% (Lone, et al. 2021). Users remain distrustful of using exclusively digital means of purchase and therefore digital retail in its pure form becomes a poor substitute for the traditional offline retail formats. At the same time the fact that in 2022, 79% of the persons in Bulgaria have used the Internet every day or at least once weekly (NSI, 2022), while the size of the digital Y and Z generation increases annually, makes digitalization a factor in business conduct. The young generations have a preference towards digital means of communication (social media, blogs, sharing platforms), believe in the shared economy, prefer the experience of emotions to materialism and utilize an electronic channel of purchase, especially in the stages of searching information and the evaluating of alternatives, and perhaps also in the stage of problem recognition, because of which they view themselves as “creators” of the product and the whole process standing behind its supply.

[4] Correlation between Internet sales for the 2012-2022 period and the population’s GDP for 2012-2022.

[5] The ratio between online sales and the GDP.

Figure 1. Retail sales in Bulgaria in total and by sales channels for the period 2012-2022 (in million BGN)



Source: Euromonitor International 2018 (Passport, 2018); Euromonitor International 2023 (Passport, 2023).

During the studied period and especially during the one after the pandemic, even though store sales maintain a larger share of the total, the development of online sales creates an omnichannel effect in the supply of numerous traditional retailers. It is namely the online sales share, that is realized by traditional retailers, alongside the unchanged for the period retail space, explains the availability of a positive and strong statistically significant dependence between internet and store sales per 1 m^2 of retail space (Kendall's tau_b (10)=0,600, p<0,01). The rise in traditional store sales is less and less dependent on the size of the retail spaces and is increasingly more so on making electronic sales and on the inclusion of digital technological solutions that view the users as co-creators of the retail service. The focus of the competitive rivalry shifts from "where" the purchase is made to "how" and "when". The free access to information and communication between users weakens the effect of information asymmetry and strengthens the convergence between the separate channels, and that makes the choice of a retailer progressively dependent on the successful symbiosis of the traditional retail offer with the added extras of digital technology.

Digitalization is also a bringer of change also for the competitive dynamics of the market (Table 1). The top 20 retailers held between at least 26.6% in 2013, and a maximum of 37.3% in 2022 of the overall market. In structural terms, the benchmark of comparison and a primary competitor of the market is Swarz Beteiligungs GMBh which owns the retail chains Kaufland and Lidl with a growing market share for the period reaching 13.3% in 2022.

Table 1. Competitive positioning of Top 20 retailers in Bulgaria for the period 2013-2022

Top 20 retailers	Market share in period 2013-2022 (%)	Position change
Schwarz Beteiligungs GmbH	7.6 8.5 9.4 10.1 10.3 10.5 11.3 13.2 13.4 13.3	0 0 0 0 0 0 0 0 0
Videolux OOD	2.0 2.4 2.4 2.7 2.8 3.1 3.2 3.0 3.4 3.6	0 0 0 0 0 0 0 1 0
Rewe Group	3.5 3.6 3.5 3.1 3.2 3.4 3.4 3.5 3.2 3.0	0 0 0 0 0 0 0 -1 0
Van Holding EOOD	1.5 1.5 1.7 1.7 1.8 2.0 2.4 2.8 2.9 2.8	0 2 -1 0 1 1 0 0 0
Varnapharma Holding EOOD	1.9 2.0 2.1 2.1 2.0 2.1 2.0 2.3 2.1 2.1	0 0 0 0 0 -1 0 0 0
Vilniaus Prekyba UAB	0.6 0.6 0.7 0.8 0.8 1.1 1.2 1.6 1.7 1.7	0 -1 1 0 4 0 0 1 0
CBA Kereskedelmi Kft	1.7 1.6 1.7 1.8 1.9 1.7 1.7 1.7 1.6 1.5	0 0 0 0 -1 0 0 -1 0
Inter IKEA Systems BV	0.4 0.4 0.4 0.4 0.5 0.5 0.5 0.7 1.2 1.1	-1 -1 -5 5 0 0 4 2 0
Sopharma AD	0.3 0.3 0.4 0.7 1.0	0 0 8
KOOP Targovia I Turizam AD	1.4 1.1 1.1 1.0 1.0 1.0 1.0 1.0 0.9 0.9	0 0 0 1 0 0 0 -1 -11
Signa Holding GmbH	1.0 1.0 0.9 0.9	0 -1 0
Naspers Ltd.	0.2 0.3 0.4 0.5 0.6 0.5 0.6 0.9 0.8 0.8	-2 6 1 0 4 -5 2 3 -1
TechnomarketDomo Group BV (TMD)	1.6 1.5 1.4 1.1 0.9 0.7 0.7 0.6 0.8 0.8	-1 -1 0 -2 0 0 -2 0 2
dm-Drogerie Markt GmbH&Co KG	0.6 0.6 0.7 0.6 0.6	0 1 -3 0
Inditex, Industria de Diseno Textil SA	0.4 0.4 0.4 0.5 0.5 0.6 0.6 0.6 0.6 0.6	-1 -1 1 -1 3 0 -1 -1 0
Jumbo SA	0.3 0.4 0.4 0.5 0.5 0.6 0.6 0.5 0.6 0.6	3 -1 1 -1 3 0 -4 2 0
Hedus AD	0.5 0.5 0.5 0.5 0.5	0 -1 -1 0
Telecom Austria Group	0.4 0.4 0.4 0.4 0.5 0.5 0.5 0.5 0.5 0.5	-1 -1 -5 5 0 0 -1 -1 0
PPF Telecom Group BV	0.4 0.5 0.5 0.5 0.5 0.5 0.4 0.5 0.5	0 -1 0 0 -5 3 0
Zora AD	0.4 0.4 0.4 0.5 0.5 0.5 0.5 0.5 0.5 0.5	-1 -1 1 -1 0 0 -1 -1 0
ICSCMD	0.06 0.04 0.05 0.02 0.10 0.06 0.05 0.04 0.02	Average ICSCMD=0,05
ICIMD	0.65 0.67 0.68 0.68 0.69 0.72 0.71 0.73 0.73 0.72	Average ICIMD=0,70

Source: Euromonitor International 2018 (Passport, 2018); Euromonitor International 2023 (Passport, 2023); author's personal calculations.

Videolux OOD has a close to 3 times smaller market share – 3.6%. In 2021 the owner of the Technopolis white and black goods brands and Praktiker for construction and gardening managed to get ahead of the previously stable runner-up – Rewe Group with the Billa brand, which has succeeded in attaining 3% of the retail market for another year in a row. The exchange in positions is probably due to the growing inflation because of the pandemic and the choice of the users to invest in real estate, which requires purchasing building materials and consumer equipment for the new homes. The brand Fantastico which belongs to Van Holding EOOD and Mareshki pharmacies of Varnapharma Holding EOOD complete the top five, changing positions throughout the separate years of the period. The positioning of the traditional market retailers distinguishes itself with a leading role of the retail chains and primarily of those who sell foodstuffs such as FMCG.

Retailers function in a relatively stable market in which there haven't been any significant changes in the market shares of the enterprises, as indicated by ICSCMD on an average significance of 0.05 for the period. Despite this, throughout the years the top 20 roster has gone through certain changes such as in 2018 when names like H&M Bulgaria, Tabak Market AD, SCS Franchise AD, and one of the best-performing companies up until that year, functioning under the cash&carry format on the Bulgarian market – Metro AG go down drastically in position and lose their place in the top 20. The ones soaring in the lead of Bulgarian retailing are Sopharma AD, Signa Holding GmbH, dm-Drogerie Markt GmbH&Co KG, and Hedus AD. SOpharmacy marks an exceptionally good repositioning of +8 positions on the market, that not only owns a chain of commercial self-service establishments but also has an online format or practices hybrid activity. At the same time, the sales revenues of the top 20 enterprises are unevenly distributed (Average ICIMD=0.70), which displays the presence of polarity in the competitive positions and a fragmentation of the market, that is conducive to an effective competitive rivalry. It is clear that regardless of the large number of competitors and the traditional monopolistic competition structure of the retail market, the big players have managed to overcome the threads of the market forces distribution by using innovative technologies as an engine to their competitive advantage.

The role of the large retail chains as a factor in limiting the intensity of the competition in the sector is well known. There are almost no retailers in the top 20 that haven't achieved an expansion not only on the internal market but also on the international one. The biggest competitor is well-known not only in the Bulgarian market but also in the global one and is considered the fourth largest retail company in the world (Deloitte, 2023), with 73% of its revenue being realized outside of the borders of the head office – in Germany. The lower competitors on the list don't have such a close convergence with the leader due to the smaller range of activity and a lack of successful enough product practices, competitive strategies, and approaches. Despite this, the stronger position during negotiations with supply chains, the creation of bigger barriers of entry and mobility to the sector itself (due to the availability of resources that are unattainable for other competitors and the consumer's affinity towards them), lead to a redistribution of the sector's revenue which benefits the retail chains and pushes out ineffective players from the market. On the other hand, the availability of large innovatively active competitors is an opportunity for the other companies to invest in better technologies and know-how and to establish a competitive position simultaneously with perfecting the overall market. The success of the actions of the retail chains depends on their own commercial brands that they offer which bring the advantage of a lower price with an accompanying quality for customers while for the chains this means an opportunity for backward vertical integration that decreases their transactional costs and leads to quality control and the offer in the channel of realization. The growth of the aggregated market share owned by the top 20 which is close to 40%, points to a reduction in alternatives for the manufacturers and the wholesalers for access to the end-user and to a bigger dependence on these subjects of the retailing sector and as a result to a rise in market power for the latter as a whole.

On the total market as well as on one of the e-retailers, there is relative stability in the position of the biggest players and an increase in their market presence (Table 2). Throughout the entire period, the top two positions are occupied by Naspers Ltd. and Videolux OOD, as the runner-up passes the leader during the last year of the period. The market leader's share until 2021 – Naspers Ltd, increased from 9% in 2013 to 21.4% in 2017, however from the point of his separating from the brand Fashiondays.bg, this figure began to decline, and as of the last year of 2022, it reaches 10.3% which is 1.3% less than Videolux OOD. It is significant that both companies generate online and offline sales and realize successful multichannel strategies. The attractiveness of the retailers is increasingly less dependent solely on the location and physical presence of their product, and more is also reliant on their ability to compete with the endless assortment, convenience, and experience provided by online sales. The preference towards the eMag.bg brand is owed on one side to the ease of shopping for a large assortment of goods from different famous brands at attractive prices, united under the "roof" of the e-mall, while on the other there is the option of visiting the authorized representatives of these brands in a nearby location with a chance having physical contact with the product (showrooming). The sales of the new leader with the Technopolis brand are also realized thanks to the hybrid introduction of the brand and its fame that originated from the traditional offline format and has since then reached the comfort of the online channel.

The sales of online retailers are less unevenly distributed in the middle of the period to the ones of the total market as the competitive positions and market shares of the enterprises are more dynamic and prone to change (Average ICSCMD=0.13 at a value of 0.05 of the total market). Significant changes in the players' lineup throughout the period, mainly during 2019-2020 or the beginning of the pandemic are connected to the penetration of a number of new retailers in the top 20 – Alphabet Inc, Remix Global AD, Apple Inc., Van Holding EOOD, Vilniaus Prekyba UAB, Studio Moderna doo, Schwarz Beteiligungs GmbH. Despite their lesser market share – Fantastico 1.7% and Kaufland 1.4% in 2022, the presence of retailers selling basic non-durable goods online displays the capability to overcome problems connected with the conservative user behaviour, the insufficient shopping culture, the complicated product return and logistics of foodstuff and beverages online (Grozdeva, 2017). This is unconditionally driven by consumer behaviour in a situation like a global pandemic but with the potential to continue in the future after a positive experience from the users during shopping. This is proven by the explosion of fast food retail – Takeaway, Foodpanda and Glovo. Both in the total market and that of the e-retailers there is a higher level of unevenness in the occupied competitive positions, which regardless of the relative stability of the top, the middle segment tends to be variable and dynamic. Therefore, for example, the positions of TechnomarketDomo Group BV (TMD), Remix Global AD, Inditex, Industria de Diseno Textil SA, Apple Inc., Amazon.com Inc., Zora AD, Sport Depot OOD are absolutely unpredictable and change with a considerable amplitude.

Table 2. Competitive positioning of Top 20 e-retailers in Bulgaria in the period 2013-2022

Top 20 retailers	Market share in period 2013-2022 (%)	Position change
Videolux Holding AD	4.2 5.3 5.7 6.9 7.3 10.9 10.4 10.6 10.8 11.6	0 1 0 0 0 0 0 0 1
Naspers Ltd.	9.0 14.2 18.3 21.3 21.4 16.8 16.5 15.7 12.0 10.3	0 0 0 0 0 0 0 0 -1
Alibaba Group Holding Ltd	3.2 3.2 3.3 3.9 4.2 3.6 3.7 3.8 4.4 4.3	0 0 1 1 0 -1 0 1 0
Alphabet Inc	2.5 2.7 3.3 3.5	0 4 0
TechnomarketDomo Group BV (TMD)	3.3 3.7 3.9 3.7 3.3 2.8 2.7 2.8 3.0 3.1	0 0 -1 1 0 0 0 2
Remix Global AD	2.9 6.0 4.0 3.1 2.9	3 0 -3 0
Inditex, Industria de Diseno Texil SA	2.9 2.7 3.2 3.1 3.0 2.6 2.5	0 2 -1 0 -3 1
Apple Inc	1.8 2.0 2.0 2.2	1 -1 2
Amazon.com Inc.	5.8 5.8 5.0 4.2 3.2 3.0 2.9 3.0 3.2 2.0	0 -1 0 -2 0 -1 1 0 -4
Zora AD	0.8 1.2 1.3 1.6 2.4 2.1 1.9 1.8 1.9 1.9	0 0 -1 3 -1 -1 -2 0 1
Sport Depot OOD	0.3 0.3 0.7 1.2 1.3 1.7 1.6 1.8 1.8 1.9	-2 1 -1 0 3 -2 0 -1 2
Van Holding EOOD	2.0 2.1 1.9	0 -1
Vilniaus Prekyba UAB	1.7 1.7 1.7	0 0
Laptop.bg OOD	1.8 2.2 1.9 1.8 1.7 1.6 1.6 1.5 1.5 1.5	1 -1 -1 -1 -1 -1 -3 0 0
Studio Moderna doo	1.6 1.6 1.5 1.5 1.5	-1 -3 0 0
Schwarz Beteiligungs GmbH	1.4 1.4 1.4	0 0
Inter Ikea Systems BV	0.9 1.3 1.4 1.4 1.4 1.4 1.3 1.2	-1 1 -3 -1 -2 -1 0
Office 1 International	1.3 1.6 1.6 1.8 1.4 1.5 1.4 1.3 1.2 1.2	0 0 0 -2 -2 -2 -5 1 1
Decathlon SA	0.2 0.9 1.0 1.1 1.0 1.2 1.1	-1 -1 2 -1
H&M Hennes & Mauritz AB	0.5 0.8 1.3 1.4 1.4 1.4 1.2 1.0	-1 2 -1 -1 -2 -2 -2
ICSCMD	0.17 0.15 0.11 0.05 0.21 0.18 0.16 0.12 0.08	Average ICSCMD=0,13
ICIMD	0.52 0.65 0.74 0.74 0.73 0.62 0.59 0.61 0.56 0.56	Average ICIMD=0,63

Source: Euromonitor International 2018 (Passport, 2018); Euromonitor International 2023 (Passport, 2023); author calculation.

The second most powerful retail company in the world – Amazon.com Inc., despite its solid investments and policies related to the applications of the possibilities of artificial intelligence and robotization, has become almost 3 times less popular and from the number two player on the electronic market which as in 2013 with a market share 5.8%, it gradually turned into number 9 with a share of 2%. User interest in the pure online channel is changeable, the market itself is in a phase of development of its life cycle and does not create security for the players in it. The switching costs from one online retailer to another are low, which demands constant innovation and a fight for the price-sensitive and well-informed consumer not only amongst traditional retailers but among direct competitors as well. Leadership positions of market enterprises are increasingly dependent on the application of digital business decisions and on the integration of an offline and an online channel for the realization of products.

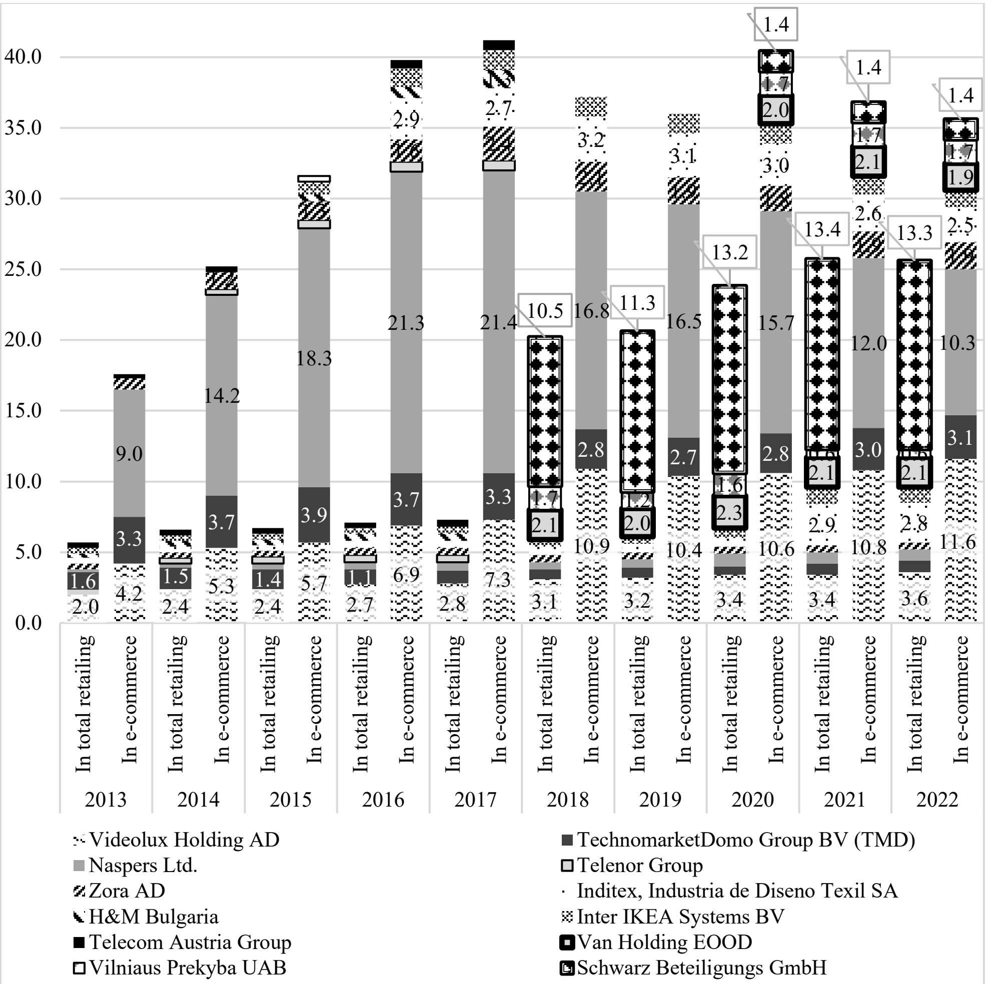
The presence of multichannel retailers in the retail market is significant (Figure 2). As a result of the structural changes in the market's competitive line-up, three of the retailers lost their positions in the top 20 e-retailers in 2018, however, they were replaced by others. Throughout all of the years of the period, 9 retailers at the head of the top 20 established multichannel activity while also being a part of the top 20 of the e-market. On average the market share of the 9 multichannel retailers is around 30% of the total market share of the top 20 of the total market while in regards to the market share of the top 20 e-retailers, this percentage is around 63% on average thanks to their leading positions, and this indicator experiences growth over the years[6]. In effect, with the growing role of digitalization, there are increasingly more retailers who are beginning to practice hybrid activity and are looking to seek out and combine the advantages of traditional and online channels. The occurrence of small changes to the market shares and the positions in the enterprises with an omnichannel strategy both on the total market (Average ICSCMD=0.08), as well as on the online market (Average ICSCMD=0.10), supports the claim related to the role of digitalization in the strategy of the companies. Regardless of the presence of channel cannibalism and the chance of free-riding with mixed retailers, the pure forms of retailing do not offer enough of a "seamless" satisfaction in the consumer experience. The winning retail business models, therefore, ought to carry more individuality when it comes to serving every customer based on his previous experience, preferences, social contacts, and behaviour, and that requires the incorporation of technologies into the entire chain to add value, including in the interaction between suppliers and counterparties, as well as dark analytics, big data, with which to achieve optimality of the trade offers via a parallel combination between the correct user choice and the economic effectiveness of the retailer.

The larger degree of integration of technologies such as the Internet of Things, automated vehicles (drones), robotization, artificial intelligence, virtual reality, 3D printing, and blockchain technologies in the traditional business model of retailers will become a reality in 10 years and will "cause an unprecedented level of destruction" on the positions of competitors incapable of digitizing (World Economic Forum, 2017). In the fight to keep and improve competitive positions, more and more retailers look towards hybrid models of

[6] It should be noted that other retailers from the top 20 implement a multichannel strategy, however the market share of their electronic stores is insufficient for them to be positioned in the top 20 of the electronic market.

conducting business, with an accent on consumer convenience (Danchev, 2018). In modern times retailing is experiencing a necessity for a constant process of training and investments in innovations that change the entire strategy of the firms and the competitive structure of the sectors themselves as a whole.

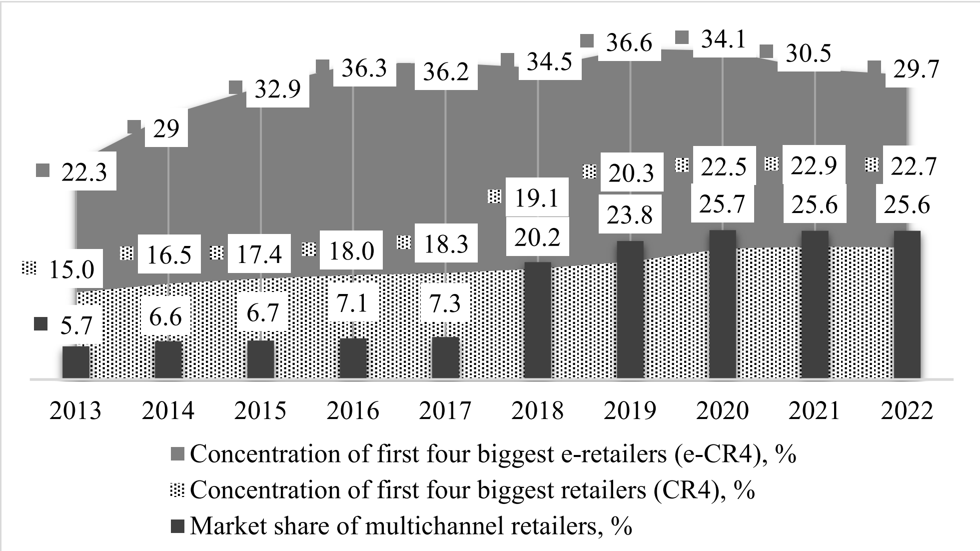
Figure 2. Competitive positioning of multichannel retailers in the retail market and the e-commerce market in the period 2013-2022 (%)



Source: author calculations based on data from Euromonitor International 2018 (Passport, 2018); and Euromonitor International 2023 (Passport, 2023).

The comparison of the coefficients of concentration in traditional and e-commerce indicates that in both markets the power of the four largest firms is growing. While the enhancement of the attractiveness of digitalization in retailing in Bulgaria led to a change in concentration on the e-commerce market from low-concentrated in 2013 and 2014 to a market with an average level of concentration during the other four years of the period, the power of the traditional retailers is low, while the market is very competitive (Figure 3) The achieved levels of concentration speak of a normal competition on the market. That gives opportunities to every firm which applies adequate strategy to be provided with the opportunity to climb up the market "ladder" on one hand, but requires bigger technological innovations on the other. The innovative technological revolutionary decisions are the strength of larger and more powerful enterprises which could make the market more concentrated, but also high-tech.

Figure 3. The concentration ratio of 4 biggest retailers (CR_4) in the total market, in the e-commerce market and the market share of multichannel retailers for the 2013-2022 period (%)



Source: author calculations based on data from Euromonitor International 2018 (Passport, 2018); Euromonitor International 2023 (Passport, 2023).

The data indicates that the concentration ratio of e-commerce is higher than that of traditional retail. At the same time, the biggest online retailers also own physical retail establishments while the market share of the multichannel retailers from the traditional market fluctuated from 5.7% in 2013 to a sharp rise of nearly 13% in 2018 in comparison to 2017, and then followed an upward trend, reaching 25.6% of the total retail market. Traditional retailers find it increasingly difficult to gain competitive advantages that are most expressed in foodstuff sales whose online purchases are non-preferred. Using the advantages of e-commerce, which are related chiefly to the blurring of space limitations and purchase flexibility, and in the spirit of modern times, 3 out of 4 of the biggest e-retailers also own traditional retail establishments. This indicates the interpenetration between the traditional and e-business commercial model, and the future of the integrated forms of trading. Even the biggest retailers of foodstuffs join the process of hybridization such as Schwarz Beteiligungs GmbH and Vilniaus Prekyba UAB. The biggest "pure player" of the e-market – Amazon.com, from its second position in 2013, goes down to 9th in 2022 and surrenders its place to mixed-type players, as the market share collapses from 5.8% In 2013 to 2.0% in 2022, and that is 5 times less than the leader of a mixed type – Videolux Holding AD. In practice, in the distribution of e-sales, multichannel retailers are ahead of pure internet retailers and increase their relevance and attractiveness in traditional retailing.

The increase in market presence of large enterprises and multichannel players with integrated digital technologies has a significant and positive effect on: first – the distribution of the competitive powers in the sector by enhancing the bargaining power of retailing in relation to their customers and suppliers, and an increase in the barriers of entry; second – on the economic development of the entire country. The national economy is growing thanks to the development of its sectors and enterprises while its well-being can be measured via the GDP per capita indicator (Porter, 1998). The development of technologies and digitization are undoubtedly aiding in perfecting the activities of the retailers by putting them in front of a dynamic choice of development of adequate strategic decisions. The concentration of the most powerful and preferable retailers on the market has the most statistically significant impact on the wealth of the economy of the country (Kendall's tau_b (10)=0.956, $p<0.01$). The size of the retailers on one side determines their capability and financial resources to compete successfully for a long-term advantage, on the other side it is a result of the already applied method of conducting a competitive rivalry. Retailers become more coordinated in their offers as on the one hand they penetrate the wholesale markets through backward integration, and in some cases, they do so in the suppliers' market, while on the other hand, they apply strategies in related and unrelated diversification. This way, for example, the Inditex group offers its ready-to-wear clothing via 6 different retail brands with an opportunity for online and offline purchase, uses show-rooming and web-rooming strategies when offering a user experience, as it owns its own production and logistical facilities, and has signed cooperation agreements with enterprises in the IT sector with the aim to provide support and development of digital technologies in its retail establishments and the electronic channel of realization. Their overall relationships with the product suppliers in the digital world transition from the solitary frame of competition for better contract conditions to that of cooperative efforts for maximum satisfaction of consumer needs at cost-optimal levels.

In a competitive aspect, digital technologies change the competitive structure of retail and lead it in the following directions:

First. A fragmentation of the retail market and shifting of market power from pure interest and brick&mortar players to hybrid ones, which blurs the boundaries between the respective markets and presupposes a presence of convergence between the channels of product realization. The market's competitive rivalry intensifies by developing from the availability of a pure offline and online market, that substitute one another, to markets adding to their role and function with mutual penetration of the two, the form and use of digital technologies from traditional retailers and physical establishments from electronic ones. It is foreseen that Internet sales will take an increasingly bigger share in retail sales and that they will develop alongside shop sales. The 2020 "COVID-19" pandemic, alongside a plethora of restrictions, and a financial and economic crisis, expedited the penetration of the electronic channel. It became the primary alternative for business for the larger part of retailers thanks to the advantage of remote acceptance and ordering of goods. During the pandemic due to the introduced emergency measures, even consumers who prefer traditional shops used electronic sites and platforms which in turn inspired confidence in online purchases. Business on platforms such as eMag, Takeaway and Glovo prospers at the expense of the bankruptcy of many traditional shops due to the pandemic's limitations. The future of retailing is in the unification of the traditional and electronic markets and the concentration of the advantages of the two.

Second. Despite the presence of bigger and more stable players both in the traditional and electronic market, their positions aren't kept apriori, instead, they are subject to change as a result of the influence of the market power of customers as a driving force of the sector competition. Retailers function in a normal competitive market, distinguished by its numerous competitors, however, they have unevenly distributed market positions with moderate strategic stakes from the players, and a differentiation in their behaviour. All of this makes the intensity of the competitive rivalry moderate and allows the enterprises to create a strategy in conditions of an unaggressive competitive environment. On the other hand, the introduction of new technologies leads to the development of the electronic sales channel, a reduction in retailer costs, a decrease in barriers of penetration, and a significant decline in loyalty and costs related to transfers from one to another retailer, which results in dynamism and "tremors" in the seemingly calm competitive positions. Even big enterprises are at risk of failing such as the case with Naspers Ltd. and Amazon.com Inc. on the electronic market and Metro AG on the principal market, unless they manage to combine their traditional activity with digital business decisions. Other than the micro benefits from the digital technological decisions, they will lead to an expansion of the boundaries of the sector with enterprises from the substitute market, an increase in "good' competition[7], an interconnectivity between retailers with companies from the ICT sector, and the forming of clusters contributing to the welfare of the economy. Market competition exits from the surface of the relationships of opposition and grows into a fight between different business models, differentiated technologies and cooperation between suppliers and counterparties.

Third. The young, socially active generation, searching for not just a product but also for an experience of the purchase, which is submerged in alternative options "one click away", turns into the main customer of retailers. Customers raise their market power via greater levels of awareness, Channel Opportunism, and an easy opportunity to substitute one retail offer for another better one that gives momentum toward modification and personalization of the trade offers. The activity of the young generation on social media and the significance of social opinion[8] for a specific retailer encourages an increasing number of players to use social and digital communities to offer services, share information, and work in retail. The customer is

[7] "Good' competition is considered the type under which firms function by creating strategies that benefit not just themselves but also the entire market. The activity of the "good" competitor is directed not towards destroying the other players and aggressive behavior but instead towards constant improvement of its activity with the goal of achieving a competitive advantage, which will therefore stimulate the rest to accomplish their own (Porter, 1998).

[8] The opinion of the socium or the so called virus marketing of the product and retailer, is a sufficient and objective proof for the reasonableness of the purchase for 78% of the users.

seen as a co-creator of the service while the retailers' strategy is aimed at a constant analysis of consumer behaviour and preferences with the goal of providing a "seamless" and Phygital experience[9] to the consumer in every single stage of the purchasing process via the integration of digital technologies. In the context of the client-oriented model, retail establishments can search for sources of competitive advantages in their role of platforms for discoveries, experiences, communication, and engagement that consumers use to simplify their everyday life and leisure while robotized machines and artificial intelligence[10] aid in the user's choice at an equal level with the qualified workforce.

Fourth. The monopolistic competitive structure of the retail market implies low barriers to entry however digitalization increasingly affects competition by easily attracting new firms thanks to the transparency of information, the realization of online business with low costs, and low initial investments that could be successful to an adequate extent compared to those of the existing competitors because of the uninhibited migration of user interest towards more affordable, supporting of the emotional experience, retail offers. Retail newbies aspire to use the advantages of the digital channel of realization by using new business platforms and by combining social, mobile, analytic, and cloud technologies with personalization, automation, and the Internet of Things. With that focus in mind, the existing competitors can see digitalization as a threat, however, they can also reach high efficiency through a more differentiated and high-scale application of the technological changes and an innovative response to consumer preferences.

Fifth. The building of relationships of cooperation or a complete reverse integration leads to a rise in the retailers' power regarding suppliers. Working with different types of suppliers with not only the retailer's main products but also with digital ones is of particular importance for the opportunity for them to correspond to the requirements of the digital user and that makes the work of the competitors that are technologically underdeveloped ineffective. The linear supply chain is replaced by Digital Supply Networks that allow for quick reactions to changes, transparency of information, analytic and justified decision-making, and improvement of cooperation.

Sixth. Digitalization shakes up the competitive structure of retailing by changing the way that it leads competitive rivalry into a more innovative, dynamic, and integrated with other market participants and that leads to a rise in the welfare of the country's economy and increases the added value of commerce as an economic sector. Innovation and cooperation between enterprises are a boost for both their own development and favourable positioning as well as for the determinants of national competitiveness. As a result of the more technologically enhanced activity of the enterprises, and the creation of electronic platforms for conducting business and connection with counterparties, consumer choice increases. The users have become very selective in their choice, with an early saturation of their needs and

[9] Phygital experience – the entirety of consumer satisfaction from the moment of looking up the information to after-sale service with the help of new technologies and a combination between physical and digital performance of the products.

[10] Technologies like iBeacon, virtual mirror, virtual headsets, virtual changing rooms, smart baskets accompany the users in the physical retail establishments even today, while the electronic and mobile retailing facilitates the interactions with retailers and the choice separate from them.

internationalized in the characteristics of their search. Digitalization aids in the cooperation between retailers in related and supporting sectors and in the creation of perfected specific resources that enrich the infrastructure of business conduct in a country. That way the enterprises' strategies give a push to the development of domestic demand, resource conditions, and clusters that along with the government's policies make a nation competitive.

5. Conclusion

The current paper confirms the heuristically presented in the introduction hypotheses of the study. Retailing in Bulgaria has increased its commercial turnover throughout the last 10 years, however, electronic sales mark a 420% growth, while during the pandemic's period, the growth is 156% to 20% from the physical shop sales, which proves H_1. The relation between store sales per 1 m^2 sales area and internet sales is strong and positive, i.e. when there is an unchanged physical presence, retailers manage to generate more turnover via the digital channel or H_2 – the omnichannel strategy of modernity has a bigger impact than larger sales areas. Retail markets in a general and in a purely electronic way are distinguished with relative stability in the taken up by the players' positions, however, there is an exceptional unevenness in the acquired market shares throughout the years which serves as partial proof of hypothesis H_3. There is an increasing amount of retailers who are transitioning from a purely traditional or purely electronic business model to a multi-channel one. This is reflected in the serious growth of the share of the top 20 hybrid retailers in the total share of the top 20 traditional ones (five times during 2022, in comparison to 2013) and the top 20 electronic ones (a two-time increase for the period). Alongside this, the market shares of the hybrid retailers are unevenly distributed throughout the years, i.e. the preference towards some of them is significantly stronger than that towards others, however, this preference remains consistently expressed throughout time. This way H_4 can be only partially proven. The concentration of retailing intensifies throughout the year, however, after the peak during 2018 in the traditional market, the share of the four biggest retailers gradually decreases while the one of the four electronic ones increases, which strengthens the role of the hybrid commerce. This way, the power of retailing in the distribution channel increases through convergence between traditional and online commerce (H_5). The competition between retailers and their realized commercial strategies and practices, including the pursuit of synthesis between the seemingly opposed offline and online sales especially throughout the years after the pandemic, leads to a very strong, statistically significant influence over the economic growth of the country (H_6).

The necessity to satisfy the needs of both the young generations as well as the older ones makes it obligatory to carry out activities by combining the most profitable offline with the increasingly preferred online channel of realization of products and through incorporating digital technologies at every stage and on every subject in the creation of consumer value. Shaken by convergence, customer focus, and cooperation, but also on the competition with the suppliers and counterparties, as well as on the lower barriers of entry, the competitive structure of retailing is progressively more dynamic with a growing intensity of the competitive rivalry for the digitally competent consumer. The new digital technologies lead to a significant change in the face and conveniences offered by the traditional stores which along with flexibility and adaptability, is a mandatory condition to realize revenue in the digital era.

Changes in consumer preferences stimulate the development of the electronic distribution channel, and its role is not only that of a replacement but also as a supplementing and necessary sales approach for traditional retailers. From their initial oppositional behaviour, traditional and online retailers gradually begin to exist in symbiosis and convergence amongst each other, creating omnichannel commercial structures that combine the advantages of both channels and blur the boundaries between the sectors. The simultaneous conduct of online and offline sales leads to invigoration and change in competitive positions, the methods of competing and the competitive retail structure itself. Marking the boundaries of the relevant market becomes more difficult while their competitive relationships turn from rivalry and opposition to partnership and cooperation on the vertical and horizontal with the aim to extract revenue from the increasingly more powerful and well-informed consumer. Retailers are becoming more risk-tolerant. They are in search of and stand against the most selective consumers who prefer the best products, supported by an emotional experience and affordable pricing, create supply networks with the best counterparties, support and train their employees as the most precious resource ready to take advantage of the progress of the digital age.

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