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Scientific Coordinator: Professor Demetrios Papadopoulos

Distribution Channels For Greek Products in Bulgaria and FYROM

Elaborated by the University of Macedonia
And the Euroconsultants

Scientific Coordinators

- Demetrios Papadopoulos, Professor
- George Siomkos, Professor

Scientific Work Group

- George Tsiotras, Professor
- Stella Xirotiri – Koufidou, Professor

90-0016

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SUMMARY

The present study deals with the main forms of distribution channels used by Greek products in Bulgaria and FYROM. A channel of distribution is a group of individuals and organizations that direct the flow of products from the producers to the customers. Channels of distribution make products available at the right time, at the right place, and at the right quantity.

Distribution channels consist of the producer, the consumer and the marketing intermediaries, which can be the retailer, wholesaler and agents or brokers. Combinations of these elements form the four main types of distribution channels.

The first section of the study analyses the macroeconomic environment of Bulgaria and FYROM. It presents the main methods of entering a market, such as exporting, licensing, joint venture and direct investment, and, subsequently, it analyses the types of existing distribution channels in Bulgaria and FYROM.

Based on these secondary data, a survey was designed and conducted, aiming at discovering the different types of distribution channels used by Greek companies in their effort to sell their products either in the Bulgarian or in the FYROM market.

Some of the issues analysed in the survey were the existence of distribution channels in Bulgaria and FYROM, the possible problems confronted by Greek companies when dealing with them, such as legal problems, access difficulties to the selling points, high cost from illegal actions, currency risk and difficulties in finding the appropriate employees, and the level of technology associated with them.

Taking into consideration the results from the primary research analysis as well as the information given by the secondary data, which described the situation of the distribution channels in Bulgaria and FYROM, some main conclusions were drawn and key recommendations were made.

The conclusions show that due to the fact that the number of companies interested in expanding to Bulgarian and FYROM markets is continually increasing, as well as the fact that these two economies are going through a readjustment period, it is expected that distribution channels will play a major role in the development of the two markets. However, distribution channels can and will develop only if the economies of the two countries stabilize. Reducing the number of state companies, increasing the inflow of foreign direct investment, stabilizing macroeconomic ratios and minimizing the operations of the black market, are the most important factors for the economic progress and therefore the development of the distribution channels.