

**SVISHTOV ACADEMY OF ECONOMICS “D. A.  
TSENOV”**  
**Faculty of Finance**  
**Department of Finance and Credit**

---

Vanya Vladimirova Galcheva № D020219177

**DISSERTATION ABSTRACT**

of a dissertation for the award of the Educational and Scientific Degree “Doctor” (PhD in Economics) under the Doctoral Programme “Finance, Monetary Circulation, Credit and Insurance” (Finance) on the topic:

**PROBLEMS OF FINANCIAL MANAGEMENT IN  
THE COMMERCIAL REPRESENTATIVES OF  
THE AUTOMOTIVE MARKET IN BULGARIA**

Scientific Supervisor:  
Assoc. Prof. Lyudmil Boyanov Krastev, PhD

Svishtov  
2026

The dissertation has been discussed and approved for public defence at a meeting of the Department Council of the Department of Finance and Credit, Faculty of Finance, D. A. Tsenov Academy of Economics, Svishtov.

Dissertation data:

Number of pages – 169

Number of figures – 11

Number of tables – 9

Number of literature sources – 98

Number of publications by the doctoral student – 4

The public defence will take place on 06.07.2026 at 11:00 a.m. in the Rectorate Conference Hall of D. A. Tsenov Academy of Economics.

The defence materials are available at the Department of Doctoral Studies and Academic Development.

## I. General Characteristics of the Dissertation

### 1. Relevance of the Topic

The relevance of the topic is based on the growing uncertainty surrounding automotive dealerships under conditions of dynamic market changes, the consequences of potential trade wars, economic recession, increasing pressure for electrification, and technological influences arising from investments in autonomous vehicles. The wars in Ukraine and Iran are a prerequisite for significant uncertainty in the global economy regarding trends and challenges that directly affect the financial management of automotive market representatives in Bulgaria. These challenges are related to sector consolidation, generational shifts, facility requirements, and the apparent plateau in new vehicle sales, which places greater pressure on dealers to compensate through increased gross revenues and fixed profits while maintaining an efficient and continuously evolving cost structure.

The present study provides a current assessment of the financial sustainability of the leading automotive intermediaries in Bulgaria and may serve as a basis for a

more comprehensive and in-depth examination of the Bulgarian automotive market and its companies.

## 2. Object and Subject of the Research

The object of the research in the presented dissertation is the financial management of commercial representatives in the automotive market in Bulgaria.

The subject of the research is the opportunities for improving the financial management of commercial representatives in the automotive market in Bulgaria.

## 3. Research Thesis

This dissertation defends the thesis that the quality of financial management in automotive dealerships in Bulgaria has an impact on profitability and sales revenues. In this regard, the achieved financial results constitute an objective measure of the quality of financial management, together with the implementation of sustainable solutions for the development of the automotive business in a dynamically changing environment.

In order to address problematic situations, the author proposes measures for the development of the automotive business in Bulgaria, related to the formulation of a new differentiation strategy focused both on the automobile brand and on commercial services, the transformation of the traditional business model into an omnichannel model, and the enhancement of the attractiveness of pricing, logistics, and diversification strategies.

## 4. Purpose of the Dissertation

The purpose of the dissertation is to identify guidelines for improving financial management in commercial representatives in Bulgaria.

## 5. Research Tasks and Methodology

The achievement of the stated objective presupposes several important tasks:

- to outline the theoretical foundations of financial management;
- to analyse the condition and development trends of the automotive market in Bulgaria;
- to examine directions for improving the financial management of commercial representatives in Bulgaria.

In the research, the author applies scientific methods such as analysis and synthesis, the comparative method, inductive and deductive methods, while also employing graphical and statistical tools in analysing publicly available data

related to the subject matter in support of the verification of the main research thesis.

## 6. Scope of the Research

The scope of the research includes a critical review and analysis of specialised scientific literature in the field of competitive positioning and financial management of commercial representatives in the automotive market in Bulgaria as an indicator of their success in competing for limited resources and of the changes that management must implement in order to face competitors applying all available instruments for wealth maximisation within the sector.

Within the framework of the study, the author conducts a comparative analysis and provides a detailed examination of the differences and similarities among the researched entities, as well as the positioning of the leaders in the Bulgarian new automobile market, the sustainability of their achieved results, the existence of competitive advantages, and the possible strategies for their future development.

Considering the scale of the subject area, the research provides a solid basis for identifying the competitive advantages of automotive intermediaries, offers an in-depth examination of competitiveness at the company level, and provides valuable directions for solving management problems in commercial representatives operating in the Bulgarian automotive market.

## 7. Structure of the Study

The dissertation comprises a total of 169 standard pages and is structured into three chapters as follows:

LIST OF ABBREVIATIONS .....	3
INTRODUCTION .....	5
CHAPTER ONE .....	8
CRITICAL ANALYSIS OF FINANCIAL MANAGEMENT IN THE FIRM	8
1. Theoretical Foundations of Financial Management – Main Objectives and Functions .....	8
1.2 Scope of Financial Management .....	21
1.3 Objectives and Functions of Financial Management .....	35
2. Practical Aspects of Financial Management in the Firm .....	41
2.1 Business Planning .....	41
2.2 Business Financing .....	45
2.3 Financial Control .....	48
2.4 Business Improvement .....	50

3. The Role of Financial Management in the Administration of Automotive Market Dealerships in Bulgaria .....	59
CHAPTER TWO .....	69
THE AUTOMOTIVE MARKET IN BULGARIA AND THE POSITION OF COMMERCIAL REPRESENTATIVES WITHIN IT .....	69
1. Analysis of the Current State of the Automotive Market in Bulgaria ....	69
2. Trends in the Development of the Automotive Market in Bulgaria .....	80
3. Analysis of the Structure and Number of Commercial Representatives in Bulgaria .....	110
CHAPTER THREE .....	128
GUIDELINES FOR IMPROVING THE FINANCIAL MANAGEMENT OF COMMERCIAL REPRESENTATIVES IN BULGARIA .....	128
1. Analysis of the Profitability of Automotive Market Commercial Representatives in Bulgaria .....	128
2. Seeking a Balance between the Objectives of “Sales Growth” and “Profitability” .....	131
3. Opportunities for Optimising the Number and Structure of Commercial Representatives in Bulgaria .....	146
CONCLUSION .....	164
REFERENCES .....	167
LIST OF THE AUTHOR'S PUBLICATIONS RELATED TO THE DISSERTATION TOPIC .....	174

## **8. Applicability of the Research Results**

The results of the present in-depth applied and scientific research may contribute to improving the competitiveness of companies operating in the Bulgarian automotive market, which has been among the fastest-growing sectors over the past decade and has undergone significant territorial shifts since the beginning of the twenty-first century. Its importance to the Bulgarian economy continues to increase each year through the expansion of its scope, the creation of employment opportunities, and its interaction with other industries.

This business sector is characterised by a high concentration of capital, production, and trade. Europe, as a traditional automobile manufacturing region,

continues to be among the most important automotive markets worldwide. However, competition from emerging and rapidly growing markets, particularly those in East Asia, has intensified considerably. Consequently, a negative trend can be observed in the declining share of Europe in global automobile production.

The research provides important recommendations for the automotive market regarding the preservation of financial sustainability under conditions of dynamic change and opportunities for fundamental restructuring towards new technologies. New strategies and business models aimed at direct product purchasers and consumers are proposed.

The high intensity of competition in the Bulgarian new automobile market, the bargaining power of manufacturers during negotiations, and the well-developed used-car market create strong incentives for the development of effective competitive strategies by existing market participants. This requires sound competitive positioning through the utilisation of sustainable resources and competitive advantages.

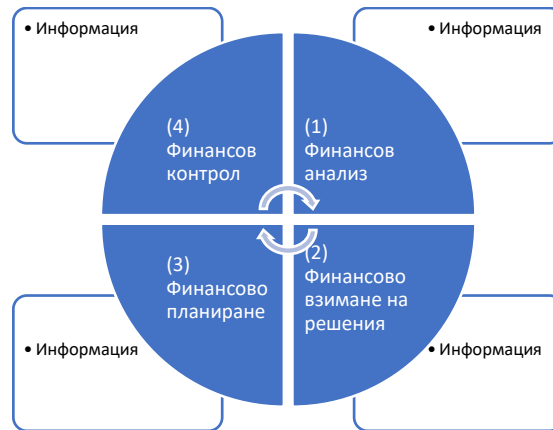
## **II. Main Content of the Dissertation**

### **CHAPTER ONE**

#### **CRITICAL ANALYSIS OF FINANCIAL MANAGEMENT IN THE FIRM**

The challenges facing financial managers in automotive market dealerships in Bulgaria may be associated with the dynamic decision-making process, which encompasses a series of activities, including financial analysis, financial decision-making, financial planning, and financial control.

The financial management function, similarly to the marketing and operations functions, cannot be performed independently of the overall business or corporate strategy (see Figure 1.1).



**Figure 1.1. The Financial Management Process**

A model of the financial management process is presented in Figure 1.1 and seeks to illustrate its continuous and cyclical nature. The role of financial information is shown as a key factor within the process.

The automotive market creates significant opportunities for career development in Europe. It offers a wide range of professional development pathways and employment opportunities in innovative and dynamic sectors. At least 12 million families depend on employment in the automotive industry. Europe is the world's largest vehicle producer, manufacturing more than 17 million passenger cars, vans, trucks, and buses annually, representing approximately 25% of global vehicle production. The 16 major car, truck, and bus manufacturers in Europe operate 169 assembly and engine production plants across 16 Member States, often supporting the economic structure of entire regions and cities. The European Union produces 36 vehicles per 1,000 inhabitants.

The automotive market is a highly competitive business environment, and numerous factors influence success or failure within it. Technical specifications and design are extremely important, as is the quality of after-sales service; however, the most important factor remains price.

Automotive companies are required to streamline their management processes and establish a consistent planning and control system. This necessitates the implementation of an integrated budgeting system, the foundation of which is the company's financial structure.

The following procedure is recommended for determining the financial structure when formulating the budget (Golovanova, 2018):

First, a financial analysis of the business enterprise should be conducted. This should be followed by the preparation of a list of economic activities, the allocation of business operations across structural divisions, and the determination of the enterprise's financial structure. The next step is the selection of accounting centres (financial reporting centres, financial accounting centres, and cost centres) and the allocation of revenues and expenses among the structural divisions. Finally, the types of budgets applicable to all these units should be selected, the types of consolidated budgets should be determined, the company's financial structure should be reviewed, and policies concerning the finance department, accounting system, and budget administration should be developed.

**Financial Responsibility Centre** – a component of the company's financial structure that is responsible for all financial results, including revenues, profit (or loss), and expenses. The ultimate objective of each financial reporting centre is profit maximisation. For each centre, financial reports are prepared on the basis of the three principal budgets: the income and expenditure budget, the cash flow budget, and the projected balance sheet.

As a rule, financial reporting centres comprise individual enterprises, subsidiaries of holding companies, divisions, agencies and branches of large corporations, as well as regionally or technologically independent business activities within diversified companies.

**Financial Accounting Centre** – a component of the company's financial structure that is responsible only for certain financial indicators, such as revenues and part of the expenses. A financial accounting centre forms part of the income and expenditure budget or certain specific and supporting budgets, such as the labour cost budget or the sales budget.

**Registration Centre** – any element of the financial structure that may function as a financial reporting centre, a financial accounting centre, or a cost centre.

Given the ongoing changes in the automotive market, the objectives of financial planning include managing the company's overall cash flows, reducing the risk of liquidity loss and inefficient use of funds, centralising accounting functions, and standardising processes throughout the organisation.

Considering the current changes in the automotive market, the purpose of financial planning is to manage the company's overall cash flow, reducing the risk of liquidity loss and the inefficient use of non-cash resources, while promoting accounting centralisation and process standardisation within the company (Krastev, 2021). In view of the changes in market structure and the risk-based financial planning system, the automotive market is founded upon several key principles (see Table 1.1).

**Table 1.1****Table 1.1. Principles of Financial Planning**

<b>Principles</b>	<b>Characteristics</b>
Support for the Organisational Structure of the Company's Financial Structure	The financial structure should support the organisational structure, i.e. the elements of the financial structure should correspond to the elements of the organisational structure.
Integrity and Consistency	Unity and consistency of accounting policies applied in risk assessment methodologies.
Standardisation and Methodological Integrity	All classifiers, budget templates, calculation algorithms, and methods used are standardised and mandatory for all participants in the budgeting process.
Personal Responsibility	Each participant in the budgeting process bears personal responsibility within their area of competence and assesses the level and cost of risk.
Continuity and Consistency of the Budgeting Process	The processes of planning, accounting, control, analysis, and budget adjustment operate continuously. Whenever there is a probability of budget underperformance, appropriate corrective measures are developed.
Feedback	Improving the effectiveness of financial planning requires continuous monitoring of parameters, control activities, and changes in operating conditions.
Visibility and Transparency	Openness and accessibility of information regarding company performance at all levels of the budgeting system.
Balance	Ensuring that planned budget measures are supported by the necessary operational and financial resources.
Rational Centralisation	Centralised planning and management of financial resources.
Budget Evaluation	Assessment of potential losses resulting from planned revenue shortfalls and excessive expenditure during budget implementation.
Democratic Governance	Ensuring equal conditions and opportunities for all participants within the system.

Source: Deloitte

Financial management should be a continuous process that creates a favourable environment for developing alternative approaches while enabling changes to be implemented quickly and efficiently (Golovanova, 2018).

## **CHAPTER TWO**

### **THE AUTOMOTIVE MARKET IN BULGARIA AND THE POSITION OF COMMERCIAL REPRESENTATIVES WITHIN IT**

#### **Analysis of the Current State of the Automotive Market in Bulgaria**

Automotive research and development activities are already under considerable pressure. Increased virtualisation, the parallel development of internal combustion engine technologies and battery electric vehicles, and increasingly stringent emissions regulations have a direct impact on research and development activities within the automotive industry. Furthermore, three interconnected realities exert additional pressure on the R&D functions of automotive companies.

First, trends identified by ACEA are making software an increasingly central component of new vehicles. By 2030, a double-digit share of vehicles sold (under the baseline scenario) is expected to incorporate Level 3 autonomous vehicle capabilities (conditional automation) or higher, requiring new categories of engineering talent, including data scientists and software architects.

Considering software development alone within the automotive sector, the market expanded by 13% between 2020 and 2025, generating increased demand for software engineering specialists, with annual growth in demand projected at approximately 6% through 2025.

Areas with a higher concentration of automotive activities are located around Sofia, Pernik, Vratsa, Mezdra, and Plovdiv, particularly due to the Trakia Economic Zone. Major companies are also established in the regions of Sliven, Yambol, Dimitrovgrad, Kardzhali, Targovishte, and Ruse. Regions with significant growth potential include those surrounding Vidin, Plovdiv, and Stara Zagora.

Human capital is of critical importance to the automotive industry. The sector is characterised by high labour intensity while simultaneously requiring employees with specialised knowledge and skills. The regions and cities most attractive to investors are those combining relatively high unemployment rates with a larger number of graduates holding technical qualifications.

Among the factors attracting investment into the automotive sector is the already established priority development of industrial zones. More than 20% of the companies operating within the country have already been established in such zones. Key factors include the possibility of developing technical infrastructure that meets investors' specifications, as well as the strategic locations of the zones,

providing easy access to major European transport corridors and the principal ports along the Danube River and the Black Sea.

One such example is the Trakia Economic Zone, which integrates six industrial zones in the Plovdiv region. Active industrial zones also operate in Vidin, Ruse, Svilengrad, and Varna. The Sofia–Bozhurishte Economic Zone is developing rapidly and hosts companies such as Behr-Hella Thermocontrol (BHTC). Stara Zagora is also emerging as an attractive investment destination through the establishment of the Zagore Industrial Zone. The industrial zones in Karlovo and Pleven/Telish are still in an early stage of development, while the zone in Burgas is at a more advanced stage.

Vehicle assembly in Bulgaria has a long history marked by several unsuccessful attempts involving international automotive manufacturers such as Fiat and Renault. The most recent attempt failed in early 2017, when the Chinese automotive manufacturer Great Wall ceased operations at its plant in Lovech, north-western Bulgaria, and filed for bankruptcy, leaving many already-produced vehicles unsold. The Great Wall plant commenced operations in 2012 with an annual production capacity of 50,000 vehicles, a target that was never achieved. The company's principal markets included Bulgaria, Romania, Serbia, and North Macedonia.

Given the expansion of the country's automotive component supplier base and the establishment of an automotive cluster, the automotive industry has been designated a priority sector by the government, which has expressed its intention to attract a global vehicle manufacturer to establish production operations in Bulgaria. Discussions have been held with automotive manufacturers from Germany and the United Kingdom, followed by manufacturers from South Korea and India.

Overall, the level of new passenger car sales serves as an indicator of a country's economic condition. In Bulgaria, the growth rate has been among the fastest not only in South-Eastern Europe but across Europe as a whole, reaching 19.8% in 2017. In 2018, growth accelerated even further, recording the highest rate within the European Union according to ACEA.

### **Trends in the Development of the Automotive Market in Bulgaria**

The automotive market has the potential to undergo fundamental restructuring through the development of new strategies and business models. However, companies must consider not only direct purchasers of products but also all consumers and stakeholder groups affected by transportation-related issues.

Over the past decade, the ecosystem has become increasingly complex with the entry of new market participants operating with entirely different product life cycles and customer channels. These developments have been compounded by the challenges arising from the COVID-19 pandemic in 2020, including supply chain disruptions and the freezing of consumer spending. In 2020, global vehicle sales declined by approximately 20%, forcing the industry to adapt and revise its strategic priorities.

Original Equipment Manufacturers (OEMs) are investing in technologies such as artificial intelligence, deep neural networks, and big data analytics, among others, to support the development of autonomous vehicles. However, the automotive sector is undergoing profound transformation and will require new strategies to ensure the long-term viability of production activities. As vehicles become increasingly connected through the Internet, technological advancements are enabling innovative manufacturers to offer consumers far more than simply a means of transportation.

The automotive market is already evolving through the adoption of cutting-edge technologies. The sector is currently at the forefront of a profound transformation. The forces of digitalisation, increasing automation, and enhanced connectivity have generated distinctive trends that are likely to drive growth in the automotive sector throughout 2026 and beyond.

The following trends are expected to reshape the automotive market and establish new rules for success (Hristova, 2016):

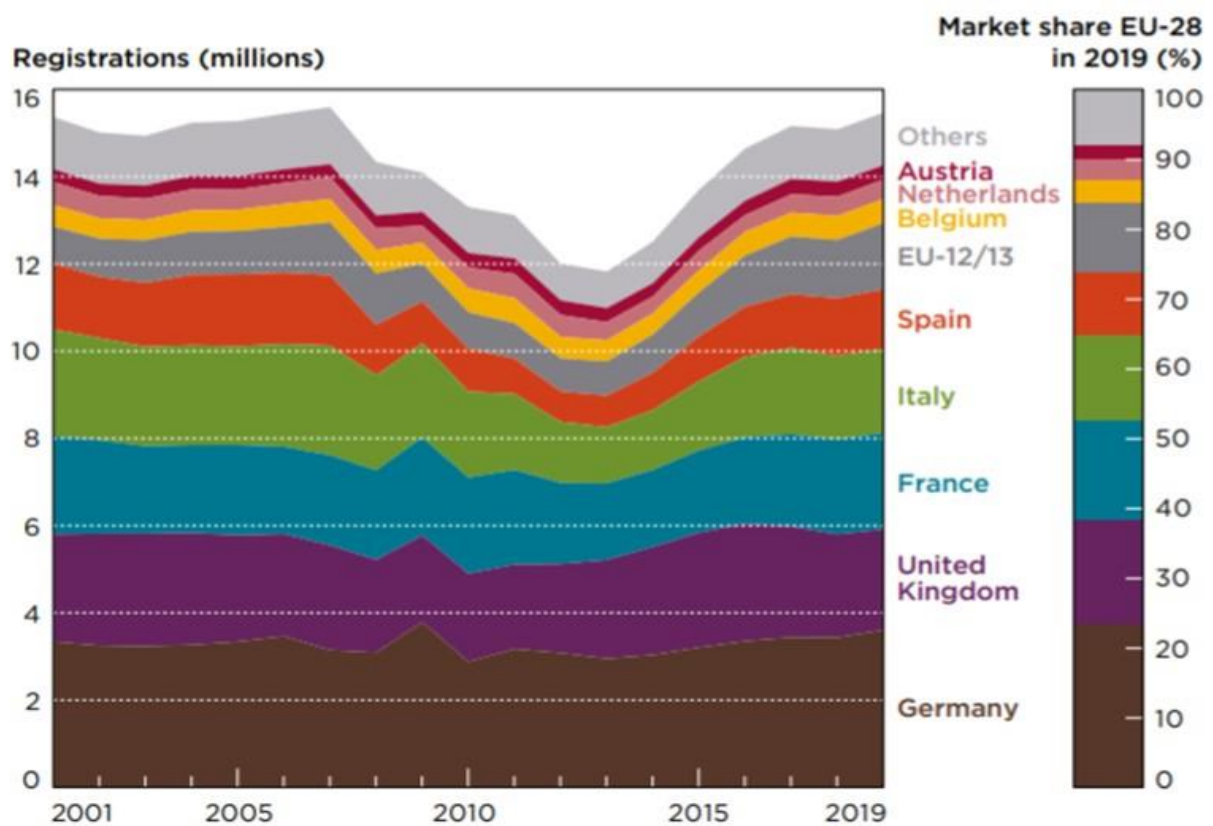
- Strategic partnerships to stimulate growth within the automotive market;
- Autonomous vehicles;
- Shared mobility;
- Connectivity;
- Electrification.

Automotive companies are increasingly engaging in strategic partnerships in order to create and expand growth opportunities while reducing associated risks.

Following the outbreak of COVID-19 in 2020, the entire working environment changed significantly. With the reopening of economies in 2021, various safety measures were introduced, including socially distanced factory floors, sanitisation of equipment and surfaces before the beginning of each shift, and other preventive measures. This resulted in productivity losses and a subsequent increase in

operating costs for automotive manufacturers (Deloitte, *The Foundation of Future Automotive Retail: Omni-channel Customer Engagement*, 2021).

European-wide CO<sub>2</sub> emission standards and national post-COVID-19 recovery packages have further stimulated the sales of electric vehicles. Approximately 15.5 million new vehicles were registered in the European Union in 2019. Vehicle registrations in Europe are dominated by the larger economies, with the three largest markets—Germany, France, and the United Kingdom—accounting for more than 50% of the total number of registrations (Figure 2.1).



Source: *The International Council on Clean Transportation*

### Figure 2.1. New Vehicle Registrations in the European Union

Germany is the largest vehicle market in Europe, accounting for 23% of the total European market. Vehicle registrations in Germany declined between 2006 and 2008, then increased in 2009 as a result of the government's vehicle scrappage scheme. Thereafter, registrations continued to rise, reaching approximately 3.6 million vehicles annually.

In contrast, fewer than half as many new vehicles were registered in Spain in 2012 compared with the period 2001–2007. However, from 2014 onwards, vehicle sales in Spain increased significantly, recording a 3% rise in 2019 compared with the previous year.

In the United Kingdom, on the other hand, in the context of Brexit, new vehicle sales have continued to decline since 2016, recording a further decrease of 2% in 2019 (see Table 2.1).

**Table 2.1**

**New Passenger Car Registrations by Manufacturer**

New car registrations				
	Jan 2021	Jan 2020	YTD 2021	YTD 2020
<b>VW Group</b>	205,118	-30%	205,118	-30%
<b>PSA-Opel</b>	126,556	-30%	126,556	-30%
<b>Renault-Mitsubishi</b>	95,721	-33%	95,721	-33%
<b>Ford-Volvo</b>	68,928	-22%	68,928	-22%
<b>Toyota-Mazda</b>	62,086	-26%	62,086	-26%
<b>BMW</b>	60,970	-18%	60,970	-18%
<b>FCA-Tesla-Honda</b>	51,030	-35%	51,030	-35%
<b>Daimler</b>	50,042	-24%	50,042	-24%
<b>Kia</b>	29,223	-24%	29,223	-24%
<b>Hyundai</b>	25,771	-37%	25,771	-37%
<b>Other</b>	24,728	-32%	24,728	-32%
<b>ALL</b>	<b>800,173</b>	<b>-29%</b>	<b>800,173</b>	<b>-29%</b>

*Source: The International Council on Clean Transportation*

In January 2021, registrations of new passenger cars were 29% lower than in the corresponding month of the previous year. The decline was most pronounced for Hyundai (-37%) and least significant for BMW (-18%). The overall share of electric vehicles reached 14%, consisting of 6% battery electric vehicles (BEVs) and 8% plug-in hybrid electric vehicles (PHEVs). Kia (12%) and Hyundai (11%) were the leading manufacturers in terms of battery electric vehicle market share, while BMW (23%) and Daimler (20%) led the market for plug-in hybrid vehicles.

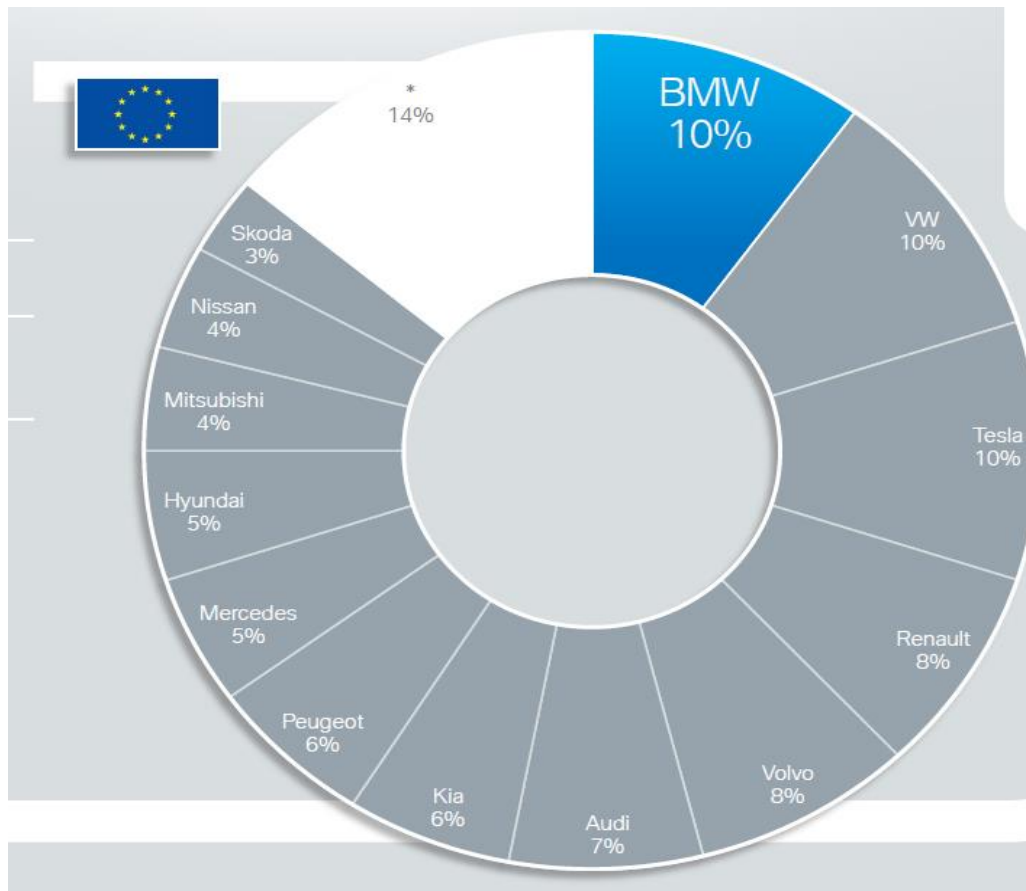
Compared with December 2020 (23%), the share of electric vehicles declined in January; however, it remained higher than the average monthly share recorded throughout 2020 (11%).

In order to address the challenges arising from dynamic market changes in the global economy after 2020, collaboration within the automotive ecosystem has emerged as an effective strategy for reducing development costs and mitigating the financial risks associated with unsuccessful investments. Such collaboration is expected to facilitate digital transformation and promote joint innovation initiatives. Among the most recent examples of strategic partnerships is the collaboration between Daimler AG and Infosys, which is expected to support the German automotive manufacturer in its digital transformation journey, strengthen its hybrid cloud infrastructure, and transform its operating model across workplace services, data centres, network operations, and service desk functions.

Electric vehicles are increasingly regarded as a key solution for decarbonising the transport sector, which has become the principal obstacle to achieving the European Union's vision of a climate-neutral Europe by 2050 (Commission, 2018). Road transport is responsible for approximately three-quarters of greenhouse gas emissions generated by the EU transport sector. In order to meet the current EU decarbonisation targets, the transport sector will effectively need to become fully decarbonised shortly after 2050. This creates substantial opportunities for the further expansion of electric mobility.

Furthermore, the decarbonisation of road transport would play a crucial role in improving air quality in urban areas, which remains a major public health challenge across Europe. Air pollution is responsible for more than 400,000 premature deaths annually in Europe (Aghion, 2016). Emissions generated by road transport constitute a significant contributing factor to this problem.

The chart below presents a comparison of the market shares of automotive brands within the European electrified vehicle market (see Figure 2.2).



Source: IHS Markit New Registrations BEV+PHEV

## Figure 2.2. Electromobility in Europe at the End of 2017

Electric vehicles still have a very limited presence in Bulgaria. At the end of 2017, data from the Bulgarian Association of Automobile Manufacturers indicated that 3,388 hybrid vehicles and 384 electric vehicles had been registered. This represented a total share of less than 0.15% of all vehicles operating on Bulgarian roads for alternatively fuelled vehicles.

However, their number has been increasing rapidly, with one-third of all registered hybrid vehicles (1,195) and electric vehicles (106) being registered in 2017 alone. This accounted for a total share of 3.8% of all passenger vehicle registrations in the country, compared with 2.1% one year earlier.

The number of employees in the sector is expected to double over the next four years in view of the announced plans of international automotive companies to

enter the Bulgarian market or expand their existing operations in the country. The factors behind this rapid growth, compared with other countries in South-Eastern Europe, include the relatively late development of the industry in Bulgaria and its low starting base, which naturally result in higher growth rates. Other contributing factors include the presence of a well-developed information technology sector, enabling the creation of highly innovative products and solutions for the automotive industry.

More than half of the foreign direct investment (FDI) attracted by Bulgaria in recent years has been directed towards the automotive sector. Since 2005, a total of EUR 400 million has been invested in 20 automotive industry projects certified under the Investment Promotion Act (<https://www.bca.com/>).

The primary focus of most companies operating in the Bulgarian automotive industry is the successful establishment of production facilities and their subsequent management in terms of human resources, inventory management, logistics, and compliance with quality standards. Although the automotive industry is a highly progressive sector, it remains under constant pressure. The need for continuous restructuring of production processes encourages companies to innovate. Businesses operating in this sector must respond flexibly to a turbulent environment and rapid global changes.

The industry is gradually evolving from a mechanically oriented sector towards a software-driven industry, or more precisely, from a transportation-oriented focus towards a technology-oriented one. The drivers of technological change and development within the automotive industry are often linked to much broader issues affecting not only the automotive sector but also other industries and economic activities. These issues include environmental concerns, safety, public health, climate change, and resource availability.

The adoption of a national policy aimed at attracting a major automobile manufacturer to Bulgaria, capable of generating an annual turnover of approximately BGN 30–40 billion, is of strategic importance for the country. Such an investment would increase the country's gross domestic product by approximately 25%, thereby exerting a significant influence on Bulgaria's economic development.

Such an investor would not arrive alone. It would bring with it major suppliers of components such as wheels, seats, transmissions, and other key automotive parts, leading to the establishment of additional manufacturing facilities in Bulgaria or neighbouring countries.

Bulgaria possesses a strategic geographical location that provides access to the markets of the European Union, South-Eastern Europe, the Middle East, and

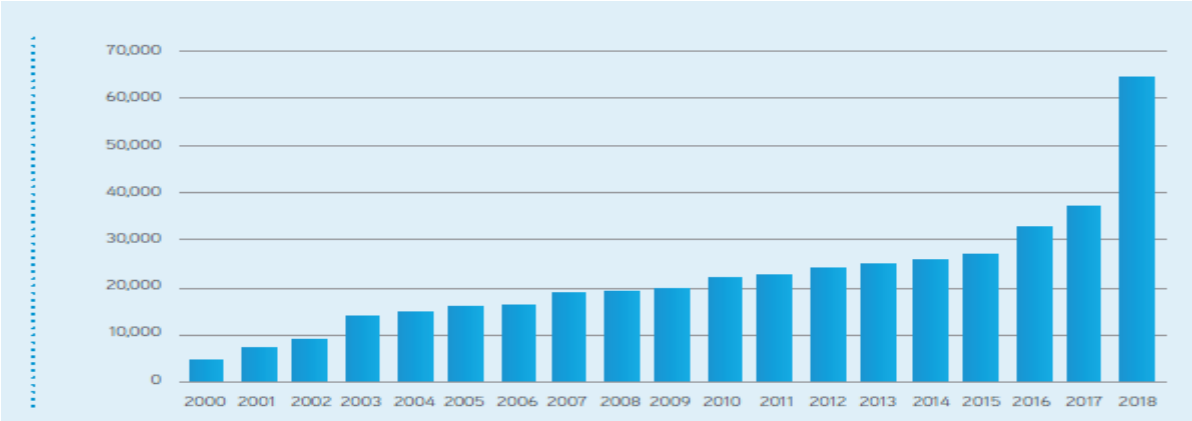
North Africa. Combined with its membership of the European Union, this represents a considerable logistical advantage. Competitive labour costs and a favourable investment climate are also significant factors, complemented by Bulgaria's relatively low corporate tax rates compared with other EU Member States.

Strong foreign language skills and technical expertise developed over many years constitute additional competitive advantages. Other factors contributing to the attraction of investment include the effective operation of public institutions, an independent judicial system, good infrastructure, and the country's reliable reputation among investors.

Specific incentives for research and development activities, together with the tax system, would further reward the high value-added activities and advanced technological innovation created by companies such as Melexis in the local market.

Human capital is of critical importance to the automotive industry. The sector is characterised by high labour intensity while simultaneously requiring employees with specialised knowledge and expertise. The study examines the current situation in the labour market and provides a detailed overview of the educational system within Bulgarian universities and its capacity to generate the future skilled workforce required by the industry.

The regions and cities most attractive to investors in the sector are those characterised by relatively high unemployment rates while simultaneously possessing a larger number of graduates with technical higher education qualifications (see Figure 2.3).



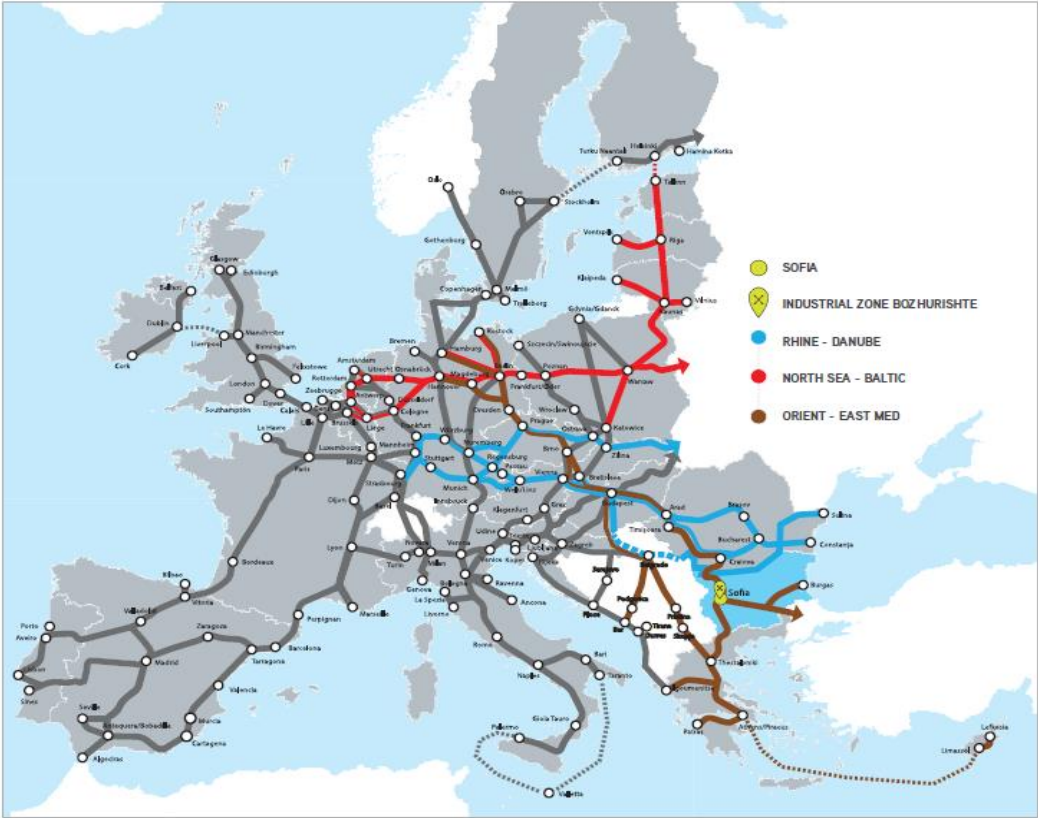
Source: Eurostat

**Figure 2.3. Employment in the Automotive Sector in Bulgaria**

The average annual growth rate over the five-year period for production employees in the country is 1.2%, while in the automotive sector alone the growth rate reaches 16.5%.

Since the majority of the national workforce is concentrated in Sofia, the region—and the capital city in particular—has the potential for a rapid increase in competitive employers. Despite the aforementioned concentration, only 7.2% of the workforce is employed in manufacturing activities. Sofia traditionally has the lowest unemployment rate and, consequently, a lower share of active job seekers. Proactive recruitment strategies and competitive remuneration are key elements for successful workforce acquisition.

Infrastructure, and in particular the country’s road network, is another important prerequisite for the successful development of the automotive market. Bulgaria’s strategic geographical location provides unrestricted access to markets in South-Eastern Europe, the European Union, the Middle East, and North Africa (Figure 2.4).



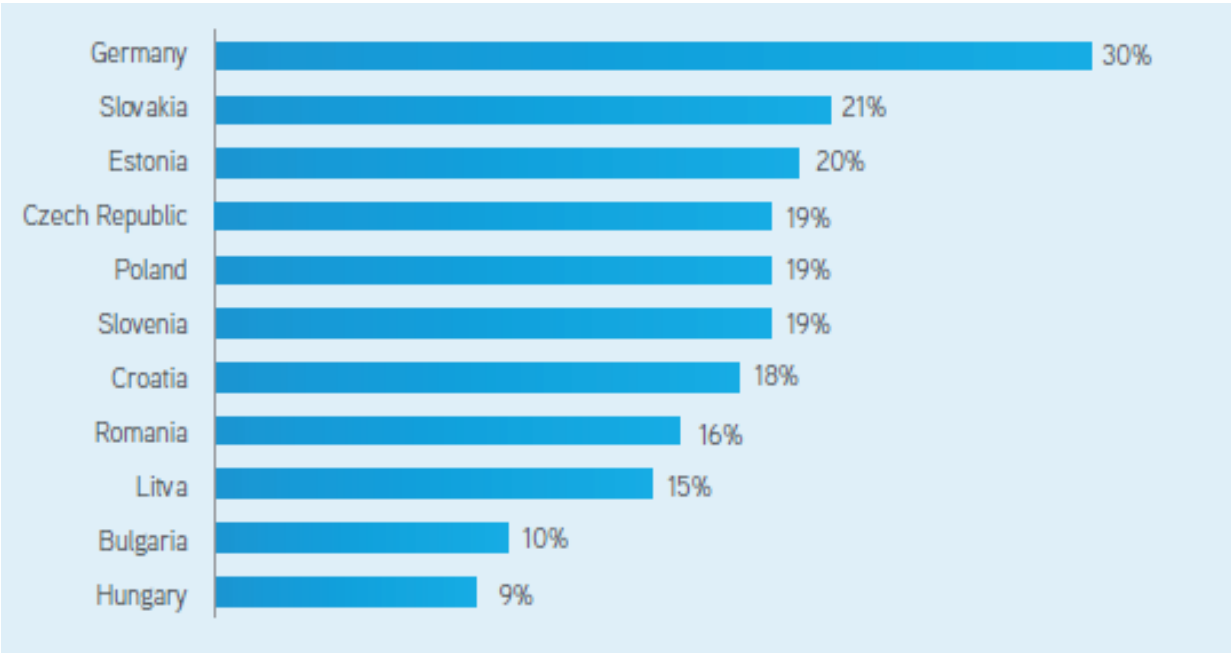
Source: European Commission

Figure 2.4. Trans-European Transport Network

Among the main costs incurred by companies operating in the automotive sector are labour costs, electricity prices, and taxation. With regard to taxation, Bulgaria offers one of the lowest flat tax rates in the European Union at 10%.

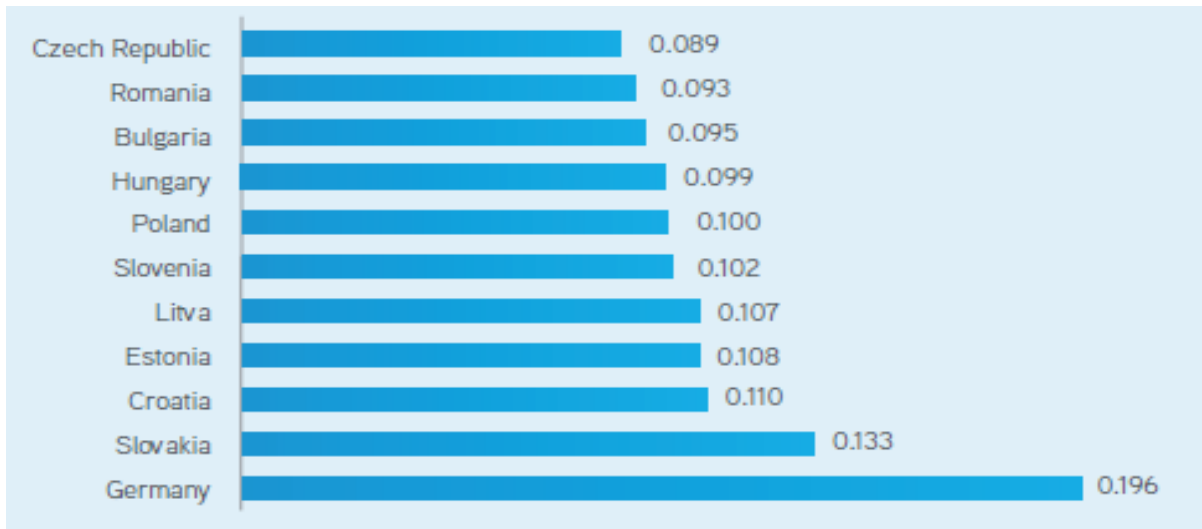
This rate applies to both corporate taxation and personal income taxation. The tax rate has remained unchanged for more than 10 years. By comparison, the corporate tax rate is 16% in Romania, 19% in Poland, and 21% in Slovakia (Figure 2.5).

Bulgaria is also characterised by a competitive electricity price for industrial consumers of EUR 0.095 per kWh (Figure 2.6).



Source: Trading Economics

**Figure 2.5. Corporate Income Tax in Central and Eastern European Countries**



Source: Eurostat

**Figure 2.6. Electricity Prices for Industrial Consumers per kWh (in EUR)**

The transition towards electric vehicles is accelerating. It is estimated that half of the vehicles sold in the United States in 2030 may be electric; Chinese officials state that 70% of vehicles sold in China in 2030 will be electric. Globally, unit sales of electric vehicles are expected to grow at an annual rate of 12.8% between 2022 and 2034 (Automotive, 2022). This acceleration is driven by an increased focus on decarbonisation, rising fuel prices, and government policies aimed at promoting electric vehicle adoption and banning the sale of ICE vehicles. However, barriers to adoption remain, including high purchase prices, range anxiety, and long charging times. Strategies to reduce production costs include innovations such as modular platform architectures and in-house battery production.

Both traditional automotive manufacturers and EV suppliers are increasingly seeking to engage customers through online retail platforms and, where possible, through direct sales models. Automakers may also adopt an agency model platform, whereby customers purchase directly from the manufacturer, while vehicle delivery is handled through dealerships, which may also provide additional services. Recent consolidation in the United States has led to the emergence of digital mega-dealers that are not brand-dependent, offering a comprehensive consumer experience spanning both online and physical retail channels. These powerful dealership groups continue to grow through acquisitions and are exerting increasing influence.

The transition from a traditional dealership model to one in which some or all vehicles are purchased directly from the manufacturer represents a major shift, both operationally and culturally. Dealers must be convinced of the value of evolving into delivery and service hubs rather than merely locations where consumers purchase their vehicles.

In 2022, production in the European Union continued to recover, reaching 13 million vehicles—an increase of 1 million compared with the previous year. Passenger car production grew at its fastest rate in the past decade, reversing four consecutive years of decline. Automotive trade also expanded, with EU vehicle exports increasing by 10% in 2022, with the United Kingdom remaining one of the leading export markets. With current tariff-free trade rules between the EU and the UK set to expire by the end of 2023, uncertainty remains regarding whether the UK will retain its position in export rankings in the following year. Vehicle imports into the EU also increased by 10% in 2022, with China overtaking the United Kingdom as the leading country of origin for car imports into the EU. This represents a notable shift following a fivefold increase in Chinese imports over five years, which may reshape the European automotive market as we know it.

As of October, a total of 9,889 electric vehicles (EVs) were registered in Bulgaria. This represents an increase of 2,472 vehicles, or 33.3%, since the beginning of April 2023, according to data from the National Industry Association for Electric Mobility (EVIC), published on the national open data portal [data.egov.bg](http://data.egov.bg) on Friday. Electric vehicles account for 2.2% of total new vehicle registrations in the country, which amount to 114,937 as of October 2023. This figure represents the total number of vehicles registered by the Ministry of Interior over the relevant period, regardless of whether they are new or used.

Since 1 April 2023, registered hybrid vehicles have increased by one quarter to 7,028 units. At the beginning of autumn, Bulgaria's vehicle fleet consisted of 3,544,988 passenger cars (a 3.4% increase over six months). Of these, 2,994,837 were internal combustion engine vehicles; 35,621 were hybrid vehicles; and 9,889 were fully electric vehicles.

EVIC also monitors the development of the charging infrastructure network, which exceeded 1,350 charging points as of October, representing a 25% increase compared with 2022. An increase is also recorded in the number of charging locations in Bulgaria. Between January and October 2023, these increased from 751 to 820. This means that there are currently just over seven vehicles per charging station, bringing Bulgaria close to the European average of 6.4 electric vehicles per charging point, according to EVIC.

The Swedish automotive manufacturer Volvo Cars aims to sell only electric vehicles by 2030. By 2025, 50% of its total sales are expected to be battery electric vehicles. The company has also announced that it will invest 5% of its annual revenue in the transition to electromobility.

---

## **Analysis of the Structure and Number of Automotive Dealerships in Bulgaria**

Car imports into Bulgaria are among the highest in Central and Eastern Europe, and are only about 20% lower than, for example, France. While the vehicle fleet in the country has been growing at approximately 10% annually in recent years, this growth is expected to slow to around 3%. The current vehicle fleet is relatively old, with 50% of cars being over 15 years of age. Bulgarians are expected to begin replacing many of these very old vehicles with newer ones.

After Bulgaria joined the European Union in 2007, imports of used vehicles increased significantly, reaching a record high of 350,000 in 2007, consisting mainly of relatively old and therefore very inexpensive cars. Bulgaria has no regulations preventing the import of old vehicles.

At present, no cars are manufactured in Bulgaria. A notable Chinese investment was made in 2012 by the Chinese automotive manufacturer Great Wall Motors (GWM), in cooperation with the Bulgarian company Litex Motors, in a vehicle assembly plant near Lovech. This foreign direct investment aimed to exploit Bulgaria's low-cost environment for relatively simple activities within a technologically intensive sector. The Bulgarian partner was the main investor, contributing 90% of the capital, while GWM primarily contributed technology and know-how (Drahokoupil, 2017). Despite the rapidly developing automotive components sector in Bulgaria, there was no evidence of meaningful integration into the GWM/Litex assembly operations.

The investors intended to use Bulgaria as an export platform; however, given the saturated European market and limited domestic demand (despite the fact that Bulgarian authorities purchased GWM/Litex vehicles for administrative use), the venture proved unsustainable. After five years of operation, Litex Motors entered insolvency proceedings.

In order to determine market concentration in the Bulgarian new car market for each year and on average, the concentration ratio of the five largest competitors (CR5) is measured, reflecting the intensity of competitive pressure. There are 21 importers of new vehicles operating in the market, often acting as authorised distributors for specific manufacturers and their brands in Bulgaria. The number

of competitors is relatively low, but concentration is relatively high—CR5 is around 60% and has been increasing in recent years. This serves as evidence of customer preferences towards these importers and their vehicle brands.

Table 2.1 presents all 21 automotive dealerships in Bulgaria. The five most preferred importers of new vehicles in Bulgaria are: Renault Nissan Bulgaria, Toyota Balkans, Porsche BG, Moto Pfohe BG, and Sofia France Auto. The first importer is the authorised distributor for Renault, Dacia, and Nissan; the second for Toyota and Lexus; the third imports Volkswagen and Audi; the fourth for Ford, Volvo, Jaguar, and Land Rover; and the fifth for Peugeot.

**Table 2.1**  
List of Automotive Dealerships in Bulgaria

<b>Марка</b>	<b>Представители за България</b>
<b>ABARTH</b>	AUTO ITALIA
<b>ALFA ROMEO</b>	AUTO ITALIA
<b>AUDI</b>	PORSCHE BG
<b>BMW</b>	BMW BULGARIA
<b>CITROEN</b>	SOFIA FRANCE AUTO
<b>CUPRA</b>	AUTOTECHNICA
<b>DACIA</b>	RENAULT NISSAN BULGARIA
<b>DR</b>	AVTOMOTOR CORPORATION
<b>DS</b>	SOFIA FRANCE AUTO
<b>FIAT</b>	AUTO ITALIA
<b>FORD</b>	MOTO PFOHE BG
<b>GREAT WALL</b>	BULGARIAN AUTOMOTIVE INDUSTRY
<b>HAVAL</b>	BULGARIAN AUTOMOTIVE INDUSTRY
<b>HONDA</b>	BULTRACO
<b>ISUZU</b>	SOFIA FRANCE AUTO
<b>JAGUAR</b>	МОТО ПФОЕ
<b>KIA</b>	KIA MOTORS BULGARIA
<b>LADA</b>	NAR
<b>LAND ROVER</b>	MOTO PFOHE BG
<b>LEXUS</b>	TOYOTA BALKANS
<b>MAHINDRA</b>	ASTRECO MOTORS
<b>MAZDA</b>	STAR MOTORS
<b>MINI</b>	BMW BULGARIA
<b>MITSUBISHI</b>	BALKAN STAR MOTORS
<b>NISSAN</b>	RENAULT NISSAN BULGARIA
<b>OPEL</b>	SOFIA FRANCE AUTO
<b>PEUGEOT</b>	SOFIA FRANCE AUTO
<b>PIAGGIO</b>	ITALIA MOTORS
<b>RENAULT</b>	RENAULT NISSAN BULGARIA
<b>SEAT</b>	AUTOTECHNICA

<b>SKODA</b>	EURATEC
<b>SUBARU</b>	SUBARU ITALIA
<b>SUZUKI</b>	MIRKAT
<b>TOYOTA</b>	TOYOTA BALKANS
<b>VOLVO</b>	MOTO PFOHE BG
<b>VOLKSWAGEN</b>	PORSCHE BG

*Source: Bulgarian Automotive Manufacturers Association (AAM)*

Renault Nissan Bulgaria EAD (<http://www.renault.bg>, n.d.) was established by the Renault–Nissan Alliance as a subsidiary of Renault SAS. The company’s commercial activities in Bulgaria include the import, marketing, and advertising of Renault, Dacia, and Nissan vehicles and spare parts, as well as their distribution to the dealer network. The company has authorised dealers in the following cities: Sofia, Plovdiv, Varna, Burgas, Stara Zagora, Veliko Tarnovo, Blagoevgrad, Vratsa, Montana, Ruse, Pleven, Pazardzhik, Haskovo, and Shumen.

Renault Group Bulgaria is responsible for the import of vehicles and spare parts for the Renault, Dacia, and Nissan brands, as well as their distribution to the dealer network, which is established in accordance with the standards and requirements of the three brands. The mission of Renault Group Bulgaria is to stimulate commercial activity and to develop and implement effective marketing strategies for each of the three brands, while managing a fully operational dealer network that carries out sales and after-sales servicing for Renault, Dacia, and Nissan vehicles. In 2020, Renault Group Bulgaria was the leader in the Bulgarian new car market, holding the top two positions with the Dacia and Renault brands for the seventh consecutive year. The Nissan brand is among the top 10 in sales, recording significant growth over the years.

Porsche BG (<http://www.porschebulgaria.bg>, n.d.), the Bulgarian subsidiary of the Austrian Porsche Holding, entered the Bulgarian market in July 2004 as an authorised Volkswagen dealer. Porsche Holding Salzburg is the largest and most successful automotive trading company in Europe. The Salzburg-based company was founded in 1947 and today has subsidiaries in 21 European countries, as well as in Colombia, Chile, China, Malaysia, Singapore, and Brunei. The company operates in more than 20 countries in Central and South-Eastern Europe, as well as in China, Colombia, and Chile. In Austria, Porsche represents the Volkswagen Group brands: Seat, Skoda, Volkswagen, Audi, Lamborghini, Bugatti, and Bentley, and is a wholly owned subsidiary of the group.

Porsche Bulgaria became the official Bulgarian distributor of Audi in February 2005. In 2006, Porsche BG opened two new showrooms in Varna and Plovdiv, increasing the number of Audi dealers in Bulgaria to five. In the same year, Porsche BG invested BGN 15 million in the establishment of a Volkswagen

dealership named Porsche Sofia Iztok (Porsche Sofia East). In September 2007, Porsche BG opened an Audi showroom worth EUR 7.0 million, named Porsche Sofia Zapad (West).

The company operates a well-developed dealer and service network with a long tradition in sales and extensive experience in maintenance and warranty servicing of the three brands. The service centres are equipped with specialised equipment and highly qualified personnel.

The importer maintains continuous stock availability in a buffer warehouse in Budapest. Orders for mass-market models are fulfilled within two weeks, while special orders take up to three months. Delivery of original spare parts to the service network is carried out on a daily basis.

The showroom located just outside Sofia covers an area of 21,590 sq. m., including 5,337 sq. m. of built-up area and over 9,000 sq. m. of retail space.

The sales and service complexes within Sofia include Porsche Sofia Iztok, Porsche Sofia Yugo (South), and Porsche Sofia Zapad (West). Porsche Sofia Iztok and Porsche Sofia Yugo are dealers for the Volkswagen passenger cars, Volkswagen commercial vehicles, and Das WeltAuto brands in Sofia and the region. Part of Porsche Sofia Iztok is an authorised service centre for the repair and maintenance of Audi vehicles.

Porsche Sofia Zapad, Porsche Plovdiv, and Porsche Varna are authorised Audi dealers with authorised service centres for the maintenance and repair of Audi vehicles, serving Western, Central, and North-Eastern Bulgaria.

Porsche BG EOOD has developed and implemented a quality management system in accordance with ISO 9001:2008 for the sale of new vehicles, spare parts, and service operations—Certificates and Quality Policy. An Integrated Management System for environmental protection and occupational health and safety has also been implemented in accordance with ISO 14001:2015 and ISO 45001:2018—Policy.

Toyota Balkans (<http://www.toyota.bg>, n.d.) is a local car dealer established in 1999 and wholly owned by Inchcape International Group B.V. Inchcape is a globally present company engaged in exclusive import, distribution and retail, business services, automotive e-commerce, and financial services. The core activity of Toyota Balkans is the import, distribution, and sale of Toyota vehicles, spare parts, and accessories. The dealership obtained exclusive rights to sell products and services under the Toyota brand in June 2007.

Sofia France Auto (<http://www.peugeot.bg>, n.d.), established in 1992, is the exclusive importer of Peugeot cars, vans, motorcycles, and spare parts in Bulgaria. The company is also responsible for their maintenance. Sofia France Auto operates three automotive centres in the capital Sofia and 18 offices across the country. Since 01.01.1997, Sofia France Auto has been the sole official importer of PEUGEOT for Bulgaria, and the dealer network has expanded into Southern Bulgaria (<https://www.peugeot.bg/useful-links/about-SFA.html>, n.d.).

Since then, the company has established itself as one of the market leaders in new car sales, continuously improving its after-sales services and striving to provide the highest level of customer service. Its spare parts warehouses consistently maintain over 12,000 stock keeping units.

In 2020, Sofia France Auto officially became the importer of Opel for Bulgaria. The transaction relates only to wholesale import and sales activities, while the operations of the existing Opel dealer network in the country are maintained and will receive additional support from the new importer (<https://www.autoclub.bg/sofia-france-auto-opel-dealer-bulgaria>, n.d.).

Sofia France Auto is a major shareholder in Auto Bavaria – the largest dealer of BMW, Mini and Motorrad – in Isibus – the importer of Isuzu buses – and in Italia Motors – the importer of the Italian motorcycle brands Vespa, Piaggio, Gilera, Moto Guzzi and Aprilia (<https://hicomm.bg/auto/sofiya-frans-auto-e-oficialniyat-vnositel-na-opel-v-blgariya.html>, n.d.). Since January 2021, Sofia France Auto has also become the official importer of the Citroën brand.

Moto-Pfohe (<http://www.motopfohe.bg/>, n.d.) is one of the first private automotive companies in Bulgaria – an official importer and distributor of Ford, Volvo, Jaguar and Land Rover in the country. It was established on 26 July 1991 and is owned by Hugo Pfohe – Hamburg, Germany. The company has a network of corporate offices in 16 cities in Bulgaria: Sofia, Plovdiv, Varna, Burgas, Ruse, Stara Zagora, Pleven, Gabrovo, Montana, Blagoevgrad, Veliko Tarnovo, Dobrich, Sliven, Haskovo, Pazardzhik and Shumen. Today, Moto-Pfohe employs over 600 people.

In 1994, Jaguar Cars Ltd appointed Moto-Pfohe EOOD as its representative in Bulgaria for vehicles bearing the emblems of the British royal family, and in January 2000 Volvo Car Corporation entrusted the company with its interests in Bulgaria. Over a period of 10 years, the company sold nearly 12,500 new Ford vehicles and continuously expanded its range of services, often setting benchmarks for the industry in Bulgaria. The same year also marked another milestone for Moto-Pfohe EOOD – 90 years of official Ford presence in the country.

---

## **CHAPTER THREE**

### **Guidelines for Improving the Financial Management of Automotive Dealerships in Bulgaria**

The research is based on the evaluation and analysis of best practices and effective management decisions within Moto-Pfohe BG. This is a company registered in January 2007, headquartered in Sofia, and owned by Moto-Pfohe EOOD – established in 1991.

Moto-Pfohe BG was created in connection with Bulgaria's accession to the European Union and the emerging requirements for compliance with EU regulations regarding the import of new vehicles and motor vehicle parts, as well as their subsequent sale within the European Economic Community, which had to be carried out by a separate legal entity, whose activities were previously performed by the parent company Moto-Pfohe EOOD before Bulgaria's accession to the European Union.

Following its acquisition by Sumitomo Corporation, the Moto-Pfohe group became part of one of the most powerful integrated trade and investment corporations globally, with over 400 years of history and offices in 65 countries. This represents a major step forward for Moto-Pfohe, providing new opportunities for growth and intensive development of the company's potential, with the aim of achieving even greater success than before. Taking into account its established reputation, strong financial stability and continuous business growth, the name, management, structure and scope of activities of Moto-Pfohe remain unchanged following the transition to the new ownership.

Silver Star Motors EAD (<http://cars.silverstar.bg>, n.d.) was established in 2016 and is engaged in the import and sale of used motor vehicles. The company is an official partner of Mercedes-Benz and operates in Sofia, Plovdiv and Varna.

The Silver Star Group is managed and represented by Rolf-Jürgen Särle, Chief Executive Officer and member of the Board of Directors. Mr Särle has nearly thirty years of experience with the Mercedes-Benz brand. He came to Bulgaria after managing for four years the activities of the General Distributor of Daimler AG in Serbia, Bosnia and Herzegovina, and Montenegro.

The company offers the full range of passenger cars, light commercial vehicles, trucks and buses of Daimler AG, led by the flagship brand Mercedes-Benz. Its extensive operations cover the full spectrum of services, from the sale of new and used vehicles, original spare parts, to after-sales service. The rapid expansion of

Silver Star Motors' activities in recent years and its establishment among the leaders of the automotive market in Bulgaria led to the decision to optimise processes and implement an integrated management system within the company.

The objective of the project launched in 2019 was the transition to a software solution that would ensure a high degree of automation of activities related to accounting and financial management; provide standardisation of business processes; and deliver a unified view of the company's overall operations (<https://team-vision.bg/lider-v-avtomobilniya-bransh-upravlyava-biznesa-si-s-vodeshto-erp-reshenie/>).

Euratek Ltd. (<http://www.skoda-auto.bg>, n.d.), established in 1992, is the official importer of the Czech ŠKODA Auto, which is owned by the German automotive manufacturer Volkswagen AG. The local unit operates more than 13 dealerships across the country.

Since the establishment of the "Car of the Year" competition in Bulgaria, ŠKODA has won a total of nine awards in various categories, thanks to the undeniable qualities of ŠKODA vehicles. In the latest edition of the competition, the SUV model KAROQ convincingly won the award in the category "Crossover of Bulgaria for 2018".

Euratek Ltd. strives to provide every customer with high-quality and efficient service in modern car showrooms and service centres. The company has built a network of 14 dealerships in the country – in Sofia, Plovdiv, Varna, Burgas, Sliven, Gorna Oryahovitsa, Dobrich, Blagoevgrad, Haskovo, Ruse, Stara Zagora and Pleven. The company's head office – ŠKODA Centre Sofia – was opened in 2002 and features a large office, spacious showroom, underground and above-ground parking, service centre and warehouse facilities. At the end of 2016, the newest sales and service ŠKODA centre was opened in Plovdiv, fully complying with all corporate ŠKODA AUTO requirements for design, equipment and customer service. The company's development plans continue towards expanding and upgrading the sales and service network in the country and increasing customer service capacity. In September, the first foundation stone was laid for the newest facility – ŠKODA Centre 2 in "Druzhba" district in Sofia, which is expected to open in May 2018 (<https://www.skoda-auto.bg/about-us/about-history>, n.d.).

The company Euratek Ltd. maintains a large stock of vehicles, allowing it to respond quickly and flexibly to market demand. A functioning warehouse for original spare parts and a flexible logistics system are in place. The company supports the development of the service network by providing continuous training for service specialists of authorised dealers, as well as always up-to-date documentation and technical assistance for serviced vehicles. The quality of

ŠKODA vehicles, produced by a manufacturer with over a century of tradition, combined with competitive pricing, ensures the strong presence of the brand in Bulgaria.

Auto Bavaria (<http://www.bmw-autobavaria.bg/>, n.d.) is the official dealer of BMW and MINI and the sole BMW Motorrad dealer in Bulgaria. The company is the successor of Kamor Auto, founded in 2002 and renamed in 2013.

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's most successful premium manufacturer of cars and motorcycles, as well as a provider of premium mobility and financing services. The BMW Group production network comprises 31 production and assembly plants in 15 countries; the company has a sales network in more than 140 countries.

The challenges of 2020 had a significant impact on the new car market in Bulgaria. New vehicle sales in the country recorded one of the most substantial declines in Europe at 36.8%, with the total number of deliveries on the Bulgarian market reaching the levels of 2009–2010. The reported decline in sales was -25% for the BMW brand and -17% for MINI. According to BMW Group data, BMW has been the leading premium brand on the Bulgarian market for the past 11 years, and together with MINI, BMW Group is the leading premium car manufacturer. The commercial performance of BMW Group Bulgaria for 2020 by brand was as follows: 869 vehicles delivered to end customers, MINI – 85 units, BMW Motorrad – 99 (-14%) (<https://www.press.bmwgroup.com/bulgaria>, n.d.).

Star Motors (<http://www.mazda.bg/>, n.d.), which was registered in 2001, is an official Mazda dealer. The company operates two showrooms and a service centre in the capital city, Sofia.

This study aims to address the question of the prospects for the examined leading companies in the automotive market in light of 11 key financial performance indicators (KPIs). Financial indicators, alongside market share, represent the most visible form of competitive information; they are easily and relatively quickly analysed and demonstrate the sustainability of achieved positions as well as the challenges businesses face when attempting to improve them (Barney, 2000).

When selecting positioning measures, the author justifies their use based on their relevance to the business, the need to capture different aspects of competitive activity, their informational value in assessing strengths and weaknesses, and the presence of competitive advantages. Table 3.1 presents the KPIs used.

**Table 3.1.**

KPIs used for competitive positioning of new car intermediaries\*

Indicator	Formula
Market Share (MS), %	$MS = \frac{\text{Sales (units)}}{\text{Total market sales (units)}} \times 100$
Gross Profit Margin (GPM), %	$GPM = \frac{\text{Gross profit}}{\text{Revenue}} \times 100 = \frac{\text{Revenue} - \text{Cost of sales}}{\text{Revenue}} \times 100$
Operating Profit Margin (OPM), %	$OPM = \frac{\text{Operating profit}}{\text{Revenue}} \times 100$
Net Profit Margin (NPM), %	$NPM = \frac{\text{Net income}}{\text{Revenue}} \times 100$
Cost of Goods Sold Ratio (CIGAR), %	$COGSR = \frac{\text{Cost of goods sold}}{\text{Revenue}} \times 100$
Total Asset Turnover (TAT), times	$TAT = \frac{\text{Revenue}}{\text{Average assets}}$
Inventory Turnover (IT), times	$IT = \frac{\text{Revenue}}{\text{Average inventory}}$
Return on Assets (ROA), %	$ROA = \frac{\text{Net income}}{\text{Average assets}} \times 100$
Equity Multiplier (EM), BGN	$EM = \frac{\text{Average assets}}{\text{Average equity}}$
Return on Equity (ROE), %	$ROE = \frac{\text{Net income}}{\text{Average equity}} \times 100$
DuPont, %	$ROE = ROA \times EM = NPM \times TAT \times EM$
Sustainable Growth Rate (SGR), %	$SGR = ROE \times RR \times 100$ , where $RR$ is Retention Ratio: $RR = \frac{\text{Retained earnings}}{\text{Net income}}$

\* The applied formulas are standardised under International Accounting Standards and are widely used to evaluate company performance compared to previous periods and competitors (Revsine L., 2012).

Profitability indicators represent the income generated from realised revenues, incurred expenses, utilised resources, and invested capital. GPM measures the revenue generated from sales after deducting the cost of products received from suppliers. A higher value leads to lower bargaining power of suppliers, higher revenues and trade margins, the sale of goods at higher prices or a larger volume at lower prices.

When the utilisation of operating expenses is optimal, a high GPM value is reflected in a higher OPM value, which is considered one of the leading measures of managerial operational capability and the level of business risk. Alongside this, COGSR is measured, which indicates the amount of operating costs required to generate revenues. If the business is unable to generate sufficient earnings before interest and taxes (EBIT), the enterprise will not be able to cover its financial costs and income tax and will fail to realise net profit from its sales (NPM). In practice, if despite an increase in revenues the company continues to have low GPM, OPM or NPM, this would indicate that costs are inefficient and the firm is in an unfavourable competitive position (Torok, 2020).

Revenues, together with asset utilisation, are directly reflected in VAT, IT and ROA. Generating more profit or revenue from available resources is the objective of every organisation when pursuing a better scale of operations and cost efficiency. This reflects a sound balance of investment between equity capital and raised capital. EM indicates whether companies should invest more in their own funds or (riskier) in liabilities for resources. A higher value indicates a preference for external financing used to control the company's resources.

For the purposes of the research, the author analyses return on equity (ROE) as the most important measure of corporate competitiveness. It represents the value of the company, its profit potential, and the actual business outcome, revealing the existence of competitive advantage. High rates are commendable for the enterprise, but they also indicate greater use of liabilities to finance the business, which increases financial risk. Therefore, the author examines the causes of the achieved ROE levels. The use of DuPont analysis traces the dependence of ROE on ROA, NPM, TAT and EM. In practice, the better a company utilises its resources, realises its sales, allocates funds optimally, and achieves a balance in the sources of its operations, the stronger its competitiveness becomes.

In addition to the firm's dividend policy, ROE forms the basis of SGR. This indicates the maximum level of sales growth that the company can sustain without additional investment, or alternatively reflects improved efficiency in resource utilisation or cost effectiveness. Companies competent in sales and product portfolio management often exhibit high SGR. However, it is difficult to sustain, as the constant need for innovation and competitive rivalry requires continuous investment and a trade-off between dividend payments and financing of operations.

Therefore, this study recognises that the selected indicators capture the efficiency of enterprise management, as they are interrelated and interdependent. To demonstrate the strength of the relationship between ROE and the remaining examined indicators, Spearman's rank correlation coefficient ( $\rho$ ) was used.

The results show a strong, statistically significant relationship between ROE and the examined KPIs, confirming their role in the conducted analysis and in effective competitive positioning. The most important measures for successful positioning are those related to resource utilisation and profitability: IT, ROA and TAT, which are a traditionally necessary condition for private business.

The sustainability of achieved positions and the differentiation of competitors in terms of performance outcomes are assessed through a descriptive analysis of structures. For this purpose, two measures were calculated: the Integrated Coefficient of Structural Change (ICSC) (Gatev, 2007) and the Integrated Coefficient of Structural Inequality (ICIS).

**Table 3.2**  
**Sales growth and concentration of the automotive market in Bulgaria, 2016–2022.**

Indicator / Company		2016	2017	2018	2019	2020	2021	2022
New car sales, units		24 256	28 216	33 265	37 506	39 035	43 126	47 209
Market sales growth, %		14.49	16.33	17.89	12.75	4.07	11.34	5.67
Renault Nissan Bulgaria	Market share, %	38.03	33.87	33.89	30.99	31.92	30.87	29.34
	Sales growth, %	75.61	3.60	17.94	3.12	7.20	4.13	5.56
Eyparek	Market share, %	10.90	10.31	9.72	10.51	9.52	10.12	11.23
	Sales growth, %	27.90	9.94	11.14	21.94	-5.68	5.89	6.90
Porsche Bulgaria	Market share, %	10.51	8.90	9.89	10.13	10.50	11.12	12.11
	Sales growth, %	-12.85	-1.49	30.97	15.47	7.92	9.34	10.98
Moto Pfohe Bulgaria	Market share, %	10.37	10.25	9.41	7.45	6.60	8.20	9.21
	Sales growth, %	1.13	14.94	8.26	-10.76	-7.73	2.13	4.04
Toyota Bulgaria	Market share, %	10.50	10.19	10.36	9.97	9.95	10.78	11.02
	Sales growth, %	6.13	12.96	19.85	8.47	3.82	5.20	5.89
Concentration ratio – CR5, %		80.30	73.52	73.27	69.05	68.50	76.34	80.20

The study uses hard data from the annual financial statements of the five leading importers of new cars in Bulgaria from 2016 to 2022. The Bulgarian new car market is characterised by favourable sales growth over the examined period 2016–2022. However, there is a decline in its valuation (see Table 3.2).

The number of new cars sold by the five strongest competitors increases, but is not stable over this period. An example of negative sales growth is Moto Pfohe BG in 2019 and 2020 and Euratek Ltd in 2020. However, none of the other competitors benefited from the decline in sales, and the Top 5 account for a 69% share of the total market over the five-year period, while CR4 is higher than 60%.

Achieving a favourable market position in new car sales is directly linked to the offering of preferred automotive brands. Evidence of this is the superior market share of Renault Nissan Bulgaria, which is nearly three times higher than that of the other competitors. This is due to:

(1) the brands offered – Dacia, Renault and Nissan, the first of which are traditionally the most preferred by Bulgarian consumers as affordable and good-

quality

vehicles;

(2) the lower price of the new cars offered.

The strategy of four out of the five leading competitors is focused on offering a portfolio of different brands that compete with each other both in the low and high price segments. Product differentiation in this regard enables gaining an advantage through higher prices of premium brands, as well as through the quantities of units sold of mass-market brands. Euratek Ltd is the only Top 5 importer offering a single brand – Škoda, which, however, has grown in popularity during the examined period and secures the company second or third market position.

While exclusive rights granted by the manufacturer ensure monopoly profit for the importer of a new car brand, the development of alternative sales channels has the opposite effect.

All importers in the Top 5 offer the same type of services. However, the most attractive prices are observed from the market leader, which results in a competitive advantage in market positioning (see Table 3.3).

**Table 3.3**  
**Competitive positions of new car importers by GPM, OPM and NPM for 2016–2020.**

		Years						
		2016	2017	2018	2019	2020	2021	2022
GPM, %	Renault Nissan Bulgaria	11.1	8.9	8.3	5.0	5.2	6.8	6.4
	Euratec Ltd	14.0	14.2	13.5	12.5	8.8	9.7	10.1
	Porsche BG	8.4	7.8	6.9	7.4	7.2	7.8	8.2
	Moto Pfohe BG	6.7	6.4	6.2	6.6	6.2	6.4	6.9
	Toyota Balkans	5.2	4.8	4.4	4.5	4.1	4.4	4.5
OPM, %	Renault Nissan Bulgaria	5.4	3.5	3.4	3.6	4.0	4.2	4.7
	Euratec Ltd	5.7	4.9	5.3	5.3	6.6	6.9	7.1
	Porsche BG	4.4	4.3	3.7	5.0	3.8	4.3	4.8
	Moto Pfohe BG	2.2	2.6	2.4	2.5	2.1	2.4	2.6
	Toyota Balkans	2.2	1.8	1.8	1.9	2.1	2.2	2.5
NPM, %	Renault Nissan Bulgaria	4.7	2.8	2.8	3.0	3.4	3.6	3.9
	Euratec Ltd	4.9	4.5	4.8	4.6	5.8	6.0	6.2
	Porsche BG	3.8	3.9	3.3	4.4	3.4	3.8	4.0
	Moto Pfohe BG	1.6	2.0	1.7	1.8	1.5	1.7	1.9
	Toyota Balkans	2.0	1.6	1.6	1.7	1.9	2.1	2.3

*Source: Author's calculations based on data from the companies' annual financial statements and the European Automobile Manufacturers Association (ACEA).*

The reasons for the parameters of realised income lie in the management of revenues and costs. Sales revenues of all competitors increased over the stated period (except Moto Pfohe BG), while operating expenses, excluding the cost of vehicles paid to suppliers, showed a relatively small increase (in the last year they actually decreased). This demonstrates the efficiency in managing direct operating costs, which represent the only lever available to intermediaries to influence profits through expenses.

The return on equity invested by the enterprises is the highest profitability indicator among all others (see Table 3.4). The most profitable position for 2022 is held by the market leader – Renault Nissan Bulgaria (111.7% ROE). The company generating the lowest value is the importer ranked fifth in the market – Moto Pfohe BG (6.7% ROE). The factors that are of major importance are those that have led to the achieved levels of profitability.

**Table 3.4**  
**DuPont analysis by competitors for the period 2016–2022.**

		Years						
		2016	2017	2018	2019	2020	2021	2022
ROE, %	Renault Nissan Bulgaria	55.2	34.6	60.2	107.0	109.4	110.3	111.7
	Euratec Ltd	34.2	26.2	29.7	30.3	32.7	33.0	33.2
	Porsche BG	41.9	44.5	46.4	61.2	48.1	49.2	50.0
	Moto Pfohe BG	10.0	14.2	10.7	9.8	7.1	6.9	6.7
	Toyota Balkans	14.4	12.4	13.4	14.6	16.6	17.0	17.8
ROA, %	Renault Nissan Bulgaria	26.2	15.3	18.5	20.1	27.5	28.2	29.0
	Euratec Ltd	12.4	10.1	11.8	12.8	14.3	14.7	15.0
	Porsche BG	39.1	36.5	20.4	27.1	19.2	19.6	20.0
	Moto Pfohe BG	4.4	6.5	4.5	3.9	2.9	3.2	3.6
	Toyota Balkans	5.0	5.9	6.5	5.9	6.1	6.4	6.9
TAT, брой	Renault Nissan Bulgaria	5.6	5.4	6.6	6.7	8.0	8.3	8.7
	Euratec Ltd	2.5	2.2	2.5	2.8	2.5	2.8	2.9
	Porsche BG	10.3	9.4	6.1	6.1	5.6	5.8	6.0
	Moto Pfohe BG	2.8	3.2	2.7	2.2	1.9	2.3	2.5
	Toyota Balkans	2.6	3.7	4.0	3.4	3.2	3.6	3.9
EM, лева	Renault Nissan Bulgaria	2.1	2.3	3.2	5.3	4.0	4.3	4.7
	Euratec Ltd	2.8	2.6	2.5	2.4	2.3	2.6	2.9
	Porsche BG	1.1	1.2	2.3	2.3	2.5	2.8	3.0
	Moto Pfohe BG	2.3	2.2	2.4	2.5	2.4	2.8	3.0
	Toyota Balkans	2.9	2.1	2.1	2.5	2.7	2.9	3.4

*Source: Author's calculations based on the annual financial statements of enterprises.*

The study shows that the market leader is the one that takes the greatest risk, relying more on borrowed resources than on owned ones. On the other hand, the financial leverage factor has the least significance when it comes to ROE. A greater impact on achieving the desired position comes from efficiency in resource utilization. Therefore, due to higher sales, the market leader manages to achieve a high return on invested equity. Followers lag significantly in this respect, even though they operate with more own capital. Whether the “who takes the risk wins” tactic is the winning determinant of the market leader, or whether more efficient resource utilization and income growth is a better profitability tool, is a matter of management. A favorable position for trading companies must be sought in the optimal use of available retail space, equipment, warehouses, timely collection of receivables, and inventory assortment management. In practice, importers, who are trading companies by core activity, hold nearly 98% current assets, 30–40% of which are inventories. This makes better resource utilization by intermediaries directly linked to improved inventory management and investment in stocks, which requires an intelligent logistics policy and sales strategy.

Over the next few years, automotive dealerships will undergo changes. The sector must address three major challenges: the transition to an agency sales model, the growing share of cars sold online, and the electrification of vehicles. Increased competition, lower pricing power, and pressure to increase capital expenditures—due to the need for investments in digitalization, equipment, and know-how for electric vehicles (EVs)—will reduce profit margins and likely limit future cash flows.

Against the backdrop of dynamic changes in the automotive market and economic recession, businesses upstream and downstream in the value chain must cooperate to deal with a severe short-term liquidity crisis. To overcome difficulties together, car manufacturers and dealers need smooth, fast communication and cooperation based on transparency and mutual trust. In the short term, temporary measures to reduce outgoing cash flows and increase incoming flows are of course important, but in the long term it is more important to maintain high-quality financial management, which is directly linked to profitability and sales revenue.

### **Opportunities for optimizing the number and structure of automotive dealerships in Bulgaria**

Car purchasing is of primary importance among consumer decisions. Its importance is due to the fact that, after housing, buying a car is the second largest expense in consumer spending.

Purchasing a new car under the traditional dealership model remains associated with low trust, high stress, and low transparency. For many, the dealership is an intimidating place to visit. High staff turnover can make it difficult for consumers to establish a relationship and build trust—especially in the case of repeat purchases. In addition, the image of salespeople has deteriorated over time, and with increasing retail space costs there is often a perception that unnecessary costs are added to the car, further burdening the consumer–seller relationship.

Car dealerships have begun to consolidate under the control of national companies, and their vision of how car buying may look in just a few years is radically different from the experience encountered in the past.

The current automotive supply chain, which typically includes OEM, importer, retailer, and often a captive or non-captive finance provider, places significant distance between the manufacturer and the consumer (<https://www.summitavto.si/>). This enables high commissions, subsidies, and margin erosion at each step.

The existing car sales and distribution model is increasingly detached from consumer needs and preferences.

So far, the level of investment required by OEMs and the potential loss of sales associated with transforming a well-established business model to satisfy a small portion of “early adopters” would have been too great a risk. However, some new entrants are increasingly filling the gap left by OEMs by rejecting large out-of-town retail spaces and instead choosing to operate from smaller locations in high-traffic areas such as shopping centers. Other new OEMs have chosen to focus on an online-only sales model in order to compete more effectively with existing manufacturers in terms of price (Deloitte, 2022).

As a result, OEMs are forced to compete not only in terms of product, but also in terms of business model, and in particular the channels through which they sell their products. So far, they have lacked the flexibility or innovation shown by these disruptive new entrants in order to compete effectively.

OEMs are responding to this challenge at different speeds and with varying success. In order to maintain their current position, OEMs must reassess their business models, refine their operations, and identify strategies for future growth.

The obvious solution for OEM manufacturers that want to develop their business model in order to cope with both consumer and competitive changes is to move up the value chain and interact directly with consumers. However, for OEM manufacturers, creating a business-to-consumer (B2C) model, when they have traditionally operated a business-to-business (B2B) model, represents a major challenge and will require significant investment in two possible retail channels – physical stores and online, or even the integration of both.

Unable to compete with franchise dealers in terms of geographic coverage and unwilling to invest the necessary amounts in real estate to maintain high inventory levels, an increasing number of new entrants and OEM manufacturers have begun to develop retail networks built around small retail outlets in high-traffic shopping centers and central locations. Brand exposure in high-traffic areas is valuable, but without the ability to maintain the same inventory levels, these stores must differentiate themselves from traditional dealers by offering a unique experience. As a result, these stores are often equipped with the latest technologies, creating a digital experience for consumers and emphasizing the lifestyle benefits associated with their brand (<https://www.sumitomocorp.com/en/jp>).

With the help of digital technology, it is possible to transfer the digital experience offline into physical stores. The use of new technologies such as augmented or virtual reality (AR and VR) can enhance the in-store consumer experience. However, the introduction of digital technology must not appear as a gimmick; it must be relevant to the consumer. The use of these technologies can create advanced car configurators that allow the consumer, for example, to experience a personalized vehicle without ever leaving the showroom floor, which can be an effective way to encourage sales (The Boston Consulting Group, 2014).

However, it is not only about technology; new retail models must take into account a holistic approach to sales. One of the reasons consumers are moving away from dealerships and demanding better online service is a lack of trust in salespeople. Any new offline retail model must be less intimidating, offer greater transparency, and feel more appealing to future consumers.

A number of manufacturers are already experimenting with a “no-haggle” sales approach, where the price is fixed and additional extras are either no longer available or their pricing and terms are clear, transparent, and open.

In many cases, purchasing a car requires a large amount of paperwork, especially if the car is financed. This element must be integrated into the e-commerce platform, providing consumers with the ability to apply for, customize, and receive financial offers online. However, it is still difficult to achieve the right balance between ensuring compliance at the point of sale and creating an engaging customer experience.

Personal sales are unlikely to ever disappear completely, as several important aspects of the showroom experience would be difficult to “digitize.” Many buyers prefer the immediate, tactile experience of physically interacting with a vehicle before purchasing it, while some prefer personal interaction with dealers, trusting their expertise and feeling more comfortable negotiating face-to-face. As a result, it is important to consider how online can complement rather than replace the in-store experience.

The current market share of used vehicle dealers that sell exclusively online is below 1%, although it represents significant growth potential. According to Statista, online used car sales rose to 4.2% in 2022 from 2.2% in 2019 and are expected to reach around 10% by 2025.

Most dealerships appear less prepared than manufacturers for the shift toward electrification, with little new infrastructure.

Overall, margins on new car sales are expected to decline, as manufacturers plan to exert greater control over EV pricing through extensive online offerings.

The current automotive retail model clearly needs to change. Consumers demand it, and disruptive digital technologies make it possible. Although the adoption of a B2C retail model is on the agenda of most manufacturers, we believe it should become a priority, requiring significant investment for the necessary changes.

The key to the future success of automotive dealerships and the optimization of their structure is the transformation of the dealership network into a modern, multi-format, innovative sales and service environment. To achieve this, we believe a transformational approach should be developed, consisting of three building blocks.

The first building block is to establish the foundations of excellent dealer performance through measurement and performance management (including benchmarking) and optimization of dealer performance across the network.

The second building block focuses on improving dealer performance through innovation, defining a new—or at least improved—business model, and beginning to test these innovations in the customer experience.

The third building block covers the transition to new retail formats and innovation through the development of a holistic implementation plan across the network and the application of an improved new retail strategy.

The main trends reshaping automotive dealerships will lead to significant changes in the upcoming dealership environment, which naturally leads to speculation

about their future and whether they will survive or disappear from history. One of the most notable insights from our research is the potential new role of physical dealership networks in general (Werdich, 2015). Effectively combining traditional dealerships with innovative retail and service formats will not work as a standardized approach. The strategy and model must be tailored to different geographical regions in Bulgaria and customer segments in order to offer the latest technologies without alienating existing customers.

Personalizing the approach, continuously monitoring changing customer behavior, and negotiating a new operating model and profit-sharing arrangements with dealers will be the key challenges in ensuring the successful implementation of an innovative dealership setup. The evolving nature of these challenges means that designing an innovative plan for automotive dealerships is not a one-time effort, but a process of continuous adaptation to changing realities (Jermakian, 2010).

Based on the conducted in-depth scientific research on the aspects and challenges facing financial management in automotive dealerships in the Bulgarian automotive market, and on the presented empirical studies, the following key conclusions can be drawn:

First. The automotive market is one of the fastest-growing sectors of manufacturing industry over the past decade, undergoing significant geographical shifts. Its importance for Bulgaria is crucial due to its scale, the number of employed people, as well as its links with other sectors of the economy. This market is characterized by an exceptional concentration of capital, production, and trade. Businesses require effective financial solutions in a dynamically changing market environment in order to meet the demands of the economic world. The financial management process cannot function effectively without reliable and appropriate financial information—a critical component of the process. Since financial management involves making strategic investment decisions that are crucial for the future of the enterprise, the quality of the financial information used directly affects the quality of decisions made, planning, and business value.

Second. Financial management affects every aspect, from cash flow management and performance tracking to developing plans that ensure business owners can take full advantage of new market opportunities. Effective business planning in conditions of economic turbulence supports the identification of new market opportunities. It allows opportunities to be considered and an action plan to be created that minimizes financial losses. It is also a crucial financial tool supporting any business plan. Effective financial control provides opportunities to improve and refine investment decisions. Up-to-date information on dynamic market changes supports informed investment decisions to build future success.

Identifying a small number of key performance indicators that have a major impact on the business helps focus on issues that are crucial for positive financial results. Focusing on specific financial goals helps employees across different areas of the business understand their priorities. Monthly performance monitoring is essential for long-term success.

Third. The automotive market is a dynamically changing competitive business; therefore, many factors influence financial success or failure in this area. Technical parameters and design play an important role, as well as after-sales service quality, but the most important factor is price. Automotive companies need to rationalize financial management processes, as creating a consistent planning and control system will build an effective budgeting system based on the financial structure.

Fourth. The automotive market is undergoing changing trends with the explosion of new technologies, rising customer expectations, and sustainability policies. Meanwhile, the new era of industrial production (Industry 4.0) is also revolutionizing the automotive sector globally. Today, the market is moving exponentially toward zero-emission mobility, transitioning toward electrification.

Fifth. Car imports in Bulgaria are among the highest in Central and Eastern Europe (CEE) and are only about 20% lower than, for example, in France. While the country's car fleet has been growing by about 10% annually in recent years, growth is expected to slow to around 3%. The vehicle fleet today is relatively old, with 50% of cars being over 15 years old. Bulgarians will begin replacing many old vehicles with newer ones. The majority of newly purchased cars are financed through financial leasing agreements. Loans play a minor role in the purchase of new cars and a somewhat larger role in the used car market. The high intensity of competition in the new car market in Bulgaria, the bargaining power of manufacturers, and the well-developed used car market are prerequisites for developing a strong competitive strategy among existing market players, requiring strong competitive positioning through the use of sustainable resources with competitive advantages.

Sixth. Financial indicators, along with market share, are the most visible type of information about competitors; they are easy and relatively quick to analyze and show the sustainability of achieved positions and the challenges businesses face when trying to improve them. The study uses hard data from the annual financial statements of the five leading importers of new cars in Bulgaria from 2016 to 2024. The Bulgarian new car market is characterized by favorable sales growth over the studied period 2016–2024. However, there is a decline in its valuation. The number of new cars sold by the five most powerful competitors increases but is not stable over this period. An example of negative sales growth is Moto Pfohe BG in 2019 and 2024, and Euratec Ltd in 2024. However, none of the other

competitors benefited from the reduced sales, and the Top 5 hold a 69% share of the total market over the five-year period, while CR4 is above 60%.

Alongside the exclusive distribution rights and authorized service for new cars granted by the manufacturer, the high market concentration reduces the intensity of competitive rivalry, increases the capacity for cooperation, and strengthens the competitive power of the competitors. The selected dealers are market leaders and benchmarks for the industry.

### **III. Guidelines for future research on the dissertation topic**

As directions for future research work on the topic, analysis and evaluation of government support opportunities can be indicated, in order to provide the necessary financial and infrastructural assistance for better financial sustainability and growth of automotive companies.

### **IV. Reference to the scientific and applied scientific contributions in the dissertation**

First. The dissertation provides a critical analysis of the scientific literature and presents, in a reasoned manner, new opportunities of the franchising affiliation of automotive dealerships, which will have a positive financial effect and a significant impact on the firm's value.

Second. We justify the need to create a new national strategy to support automotive dealerships as an important strategic sector of the economy. This will ensure financial sustainability of automotive companies and growth of the national economy.

Third. Based on analyzed real data, an empirical analysis of achieved optimal results by leading traders in the automotive market has been conducted. The analysis of a selected group of factors such as market share, investments in innovative technologies and real estate, as well as the availability of up-to-date competitive information, provides opportunities for achieving better positions and overcoming the challenges faced by the global automotive market in Bulgaria.

Fourth. Certain financial indicators are presented and analyzed in a reasoned manner, which demonstrate the sustainability of achieved positions and the challenges faced by automotive dealerships, as well as opportunities for improving positions in conditions of economic recession.

### **V. List of doctoral student's publications**

*Articles:*

1. ANALYSIS OF AUTOMOTIVE DEALERSHIPS IN BULGARIA – Issue XIV – 2021, Book 17, Annual Almanac “Scientific Research of Doctoral Students”, ISSN: 1313-6542 (print edition)

2. GUIDELINES FOR IMPROVING THE FINANCIAL MANAGEMENT OF AUTOMOTIVE DEALERSHIPS IN BULGARIA, Issue XV – 2022, Book 18, Annual Almanac “Scientific Research of Doctoral Students”, ISSN: 1313-6542 (print edition)

*Reports:*

1. Participation in the international scientific-practical conference “Sustainable Development and Socio-Economic Cohesion in the 21st Century – Trends and Challenges”, publication of a paper titled “The Automotive Market in Bulgaria and the Role of Dealerships in It”, p. 393, ISBN 978-954-23-2067-8 (print); ISBN 978-954-23-2068-5 (online)
2. Participation in the international scientific-practical conference “CIRCULAR ECONOMY IN THE CONTEXT OF THE INDUSTRY 4.0 – SOCIETY 5.0 RELATIONSHIP”, organized by the Academy of Economics “D. A. Tsenov” – Svishtov. Publication of a paper titled “The Role of Financial Management in the Management of Automotive Dealerships in Bulgaria”, p. 585, ISBN 978-954-23-2067-8 (print); ISBN 978-954-23-2068-5 (online)

**VI. Participation of the doctoral student in scientific forums**

1. Participation in the Doctoral Scientific Session – 2021, D. A. Tsenov Academy of Economics – Svishtov, and presentation in the Annual Almanac “Scientific Research of Doctoral Students”, ISSN: 1313-6542
2. Participation in the Doctoral Scientific Session – 2022, D. A. Tsenov Academy of Economics – Svishtov, and presentation in the Annual Almanac “Scientific Research of Doctoral Students”, ISSN: 1313-6542
3. Participation in the international scientific-practical conference “Sustainable Development and Socio-Economic Cohesion in the 21st Century – Trends and Challenges”
4. Participation in the international scientific-practical conference “CIRCULAR ECONOMY IN THE CONTEXT OF THE INDUSTRY 4.0 – SOCIETY 5.0 RELATIONSHIP”, organized by the Academy of Economics “D. A. Tsenov” – Svishtov

**VII. Statement of compliance with national requirements under the Regulations for the Implementation of the Law on the Development of the Academic Staff in the Republic of Bulgaria**

National requirement total points: 30.00

Number of articles published in non-indexed peer-reviewed journals, or in edited collective volumes: 2  
Author points: 20.00

Number of reports published in non-indexed peer-reviewed journals, or in edited collective volumes: 2  
Author points: 20.00

Total points: 40.00 > 30.00

### **VIII. Declaration of originality of the dissertation**

I hereby certify that the dissertation of 169 pages, entitled “Problems of Financial Management in Automotive Dealerships in the Bulgarian Market”, is entirely authentic and represents an original scientific work developed by me. It includes my own ideas, texts, as well as visual materials such as graphs, diagrams, tables, and formulas, all in accordance with copyright legislation requirements, with all external sources properly cited and referenced.

1. The results and conclusions achieved in the dissertation are original and have not been taken from other studies or publications in which I did not participate.
2. The provided information, presented in the form of copies of documents, publications, and personally prepared reports, corresponds to objective truth.
3. All scientific results used, described, or published by other authors have been properly and thoroughly cited in the bibliography.

Date: 30.01.2026

Doctoral candidate: .....  
/ Vanya Galcheva /

