

REPORT ON COLLECTIVE PURCHASE CAMPAIGNS DEVELOPED IN BULGARIA, THE SUCCESSIONS AND THE LEARNINGS

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ABOUT CLEAR-X

Consumers Leading the EU's Energy Ambition Response, Expansion (CLEAR-X) is an ambitious extension of a tried-and-tested methodology, designed and developed to address consumers' needs thus **enabling consumers to lead the energy transition by investing in renewable energy sources (RES) and energy efficient (EE) technologies.**

The project cover some of the [countries](#) where financial, administrative/regulatory and technical barriers were most often perceived by the consumers during their journey to RES technologies.

These countries, Bulgaria, Cyprus, Lithuania, North Macedonia, Slovakia & Slovenia, were therefore selected for the potential impact of introducing collective purchase schemes, geographic diversity compared with similar past projects, and the presence of suitable consumer organisations.



There are four specific objectives:

- Reliable information on RES and EE technologies suitable for consumer's homes is available
- Consumers collectively invest in suitable RES technologies through trusted schemes
- Consumers receive relevant information and advice on RES and EE technologies
- Regulatory frameworks facilitate consumers' adoption of RES and EE technologies and relevant market offers

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CAMPAIGN SPECIFICATION

Product	Air Conditioners
Campaign Calendar	Registration: 20 March to 20 July 2023 Offer: 25 May to 20 July 2023
Campaign Landing Page Link	www.obstapokupka.online

MARKET RESEARCH ANALYSIS

Bulgarian National Association Active Consumers (BNAAC) conducted a thorough analysis of the air conditioners market in the country.

The market research and analysis were conducted using the desk research methodology and involved consultations with the branch association – the Bulgarian Association Heating Ventilation and Airconditioning. The methodology is extremely complex and combines collection and analysis of multiple informational sources. The primary focus of the analysis was on various online stores, encompassing both large and small retailers. This inclusive approach, involving multiple retailers and their comparison, provided a comprehensive overview of the air conditioner market in the country. Before starting the market analysis, a strategy and research methodology were established, along with criteria for selecting air conditioners. The criteria included varying BTU capacities, ranging from 12,000 to 24,000, encompassing both potential items for the collective purchase campaign and others. The strategy and research methodology included:

- **Multiple Information Sources:** The use of multiple information sources is a strong point in market research. It helps cross-verifying data and ensuring a well-rounded understanding of the market dynamics.
- **Focus on Online Stores:** By including online stores of both large and small retailers, the research captures a broad spectrum of consumer choices and market offers. Online platforms have become increasingly influential in consumer decision making process, thus making their addition and analysis a crucial part of the process.
- **Retailer Comparison:** The comparative analysis of various retailers enhances the depth of the research. Understanding how different retailers position themselves in the market and the range of products they offer serves to provide insight into competitive strategies and market segmentation.

Main highlights

In the country, solid fuels like wood and various types of coal are still widely used as heating sources, particularly in rural areas and small towns. On the contrary, in large cities where residents predominantly dwell in multi-family residential buildings, the utilization of solid fuels for heating is largely an exception. In these urban settings, individuals typically depend on electricity for various heating appliances and air conditioners, with central heating



serving as an alternative for some residents. The escalating costs of gas and solid fuels in rural areas and small towns have led to a trend where there is a shift in the heating method, with an increasing inclination towards adopting heat pumps for heating and cooling, commonly known as air conditioners.

In the Bulgarian air conditioner market, there is no major national retailer that spans the entire country and does not offer its products in an online store. It is for this reason that BNAAC selected the above mentioned approach, as it was deemed the most suitable given that every retailer that meets the criteria (providing the option for product installation nationwide) presents its products through online platforms.

Consumers can find these discounts on retailers' websites or in freely distributed monthly brochures. Typically, these websites feature an entire catalog dedicated to air conditioners, segmented into subcategories such as inverter split systems, mobile air conditioners, and accessories. It is noticeable that certain retailers tend to highlight specific well-known brands.

Air conditioners with varying capacities are accessible in the market, spanning a broad range from under 7,000 to over 24,000 BTU. Products belonging to different energy classes are also offered, encompassing the complete spectrum from A to A+++ . Certain promotional deals incorporate complimentary installation for one or all products within a specified period. These offers typically follow a standard format and include all essential components.

It is evident that big retailers, owing to their larger revenues, can offer more significant discounts and promotional packages compared to smaller counterparts. Additionally, they provide more comprehensive information and feature user-friendly websites equipped with filters and tags for their products. Various payment methods are available, including cash payments, online payments (via card), and the option to choose consumer credit as a payment method.

This year, the introduction of new models in the market was mainly led by brands such as Star-Light, Samsung, Crown, Treo, AUX, Panasonic, and Daikin. This lineup includes both well-known and established brands alongside emerging ones. The distribution of these models is observed across both major retailers and smaller establishments. Larger retailers typically prioritize a diverse array of products in their portfolio, while smaller ones tend to rely on products from familiar brands.

PRODUCT TEST RESULTS

The organisation selected 3 models for the testing programme:

- Crown CIT-12FO64GB;
- Treo CIT-12I12MF3/COI12MF3;
- Diplomat DAP-120QSmartPro.

BNAAC chose these three models based on research indicating their popularity and accessibility in the Bulgarian market, considering their price range. The decision to select these specific models also took into account their brand overlap with North Macedonia (OPM), presenting an opportunity for OPM to use the results as well.



The models selected and submitted for testing achieved the following results:

Model	Score
Crown CIT-12FO64GB	42
Treo CIT-12I12MF3/COI12MF3	44
Diplomat DAP-120QSmartPro	42

Because their scores weren't high enough, BNAAC decided not to offer the selected models to consumers in the group purchase. Instead, BNAAC checked other products previously tested within ICRT and selected those available in Bulgaria based on market research. The models included in the group purchase received test scores ranging from 61 to 71 points, with the lowest-rated model getting 61 points and the highest-rated model receiving 71 points.

The first models included in the collective purchase organized by the Bulgarian National Association of Active Consumers were:

- Mitsubishi Electric MSZ-AP25VGK/MUZ-AP25VG WiFi, 9000 BTU- 71 points on the test of ICRT;
- Panasonic CS-Z25XKEW/CU-Z25XKE ETHEREA, 9000 BTU- 65 points on the test of ICRT;
- Panasonic CS-Z35XKEW/CU-Z35XKE ETHEREA, 12000 BTU- 61 points on the test of ICRT;
- Mitsubishi Heavy SRK35ZS-W/SRC35ZS-W PREMIUM, 12000 BTU- 69 points on the test of ICRT;
- Daikin FTXM35R/RXM35R Perfera, 12000 BTU- 71 points on the test of ICRT.

Due to exhaustion of the available quantities, two of the models had to be replaced and more precisely:

- Panasonic CS-Z25XKEW/CU-Z25XKE ETHEREA, 9000 BTU was replaced by Panasonic CS-TZ25ZKEW
- Panasonic CS-Z35XKEW/CU-Z35XKE ETHEREA, 12000 BTU was replaced by DAIKIN FTXA35A2V1BW/RXA35A5V1B9

The new models in collective purchasing have the following results in the ICRT test:

- Panasonic CS-TZ25ZKEW, 9000 BTU- 61 points;
- DAIKIN FTXA35A2V1BW/RXA35A5V1B9, 12000 BTU- 69 points.

NEGOTIATION

BNAAC compiled a list of suppliers in Bulgaria based on a conducted survey and sent email invitations to eight traders from the mailing list, soliciting their participation in the group purchase.

Following the invitations, the organisation actively communicated with the traders through emails and numerous phone conversations to discuss their eligibility, additional criteria, and the benefits they could offer to consumers.

After the collective purchase was publicly announced, some traders expressed interest and reached out to participate. Many of them were unable to join, as they did not meet the project's requirements, namely that the



selected trader/traders should be able to provide installation throughout the country. This was a major factor in the rejection of many traders.

BNAAC received offers from three providers willing to participate. After the deadline set for trader to send their offers, an internal evaluation of the proposals was conducted. Following the evaluation, the Bulgarian National Association of Active Consumers decided to collaborate with the supplier VIMAX KLIMA OOD, or VIMAX for short. This choice was based on the offer providing a 15% price reduction on selected BNAAC models before installation. VIMAX also has an extensive network of stores and suppliers across the country, ensuring swift delivery and installation of the chosen model. The installation offered was standard, covering everything needed without any hidden or additional conditions. The standard installation included the following:

- Technological hole in the wall 1 pc.;
- Copper pipes up to 3 l.m.;
- Drainage corrugated pipe up to 5 l.m.;
- Cable for communication up to 4 l.m.;
- Making a power plug-in;
- Installation of a PVC channel up to 1 l.m.;
- Stands for mounting the outdoor unit;
- Vacuuming and turning on the air conditioner.

CAMPAIGN CONTENT & PROMOTION

Frequently Asked Questions (FAQs)

Early in the process, we conducted internal research on the topic, focusing on frequently asked questions about CPC. We identified the most unclear aspects and successfully transformed them into structured questions with corresponding answers. Shortly thereafter, we began receiving questions from consumers and promptly addressed each one, updating the site's section as new inquiries were received.

The most common questions from users were:

- What does "Collective Buying" mean?
- What is the schedule for the collective purchase?
- What is included in the standard installation of the air conditioner?

A full list of frequently asked questions and answers can be found [here](#).

Information materials

BNAAC have produced an extensive range of informational materials, distributed both on its own website and on the collective purchase landing page. These materials were created to familiarise consumers with the concept of collective purchasing, explaining its methods, goals, and underlying ideas. Beyond information about the collective



purchasing processes, the materials also highlighted the advantages of air conditioning heating and potential savings for consumers. Additionally, informational materials were published to present the results of air conditioner tests, providing consumers with a detailed understanding of the benefits offered by the various models proposed.


Content of the CPC page

BNAAC also provided as much information as possible about the benefits of air conditioners and their heating properties. It was important to inform consumers about the benefits and educate them on the topic, as knowledge about these devices, their operation and maintenance was not widespread in the country. That is why the organisation created a series of information materials, which are available on the site. Some of them are:

- What should you know before buying an air conditioner?
- What do we need to know about air conditioning installation?
- Regular maintenance and service keep the air conditioner efficient.

АКТУАЛНИ НОВИНИ


Повече информация за климатици, съвети за употреба и поддръжка и други форми на енергоспестяване



Какво трябва да знаете преди да закупите климатик?

Събрахме най-важната информация и съвети, които ще улеснят решението за покупка.


→



Какво трябва да знаем за монтажа на климатика

Закупуването на качествен климатик не е достатъчно, докато той не бъде монтиран и пуснат в експлоатация. Какво трябва да знаем?

→



Редовната поддръжка и обслужване запазват ефективността на климатика

С редовна профилактика осигуряваме оптималното използване на климатика.

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You can find more information materials at the following links:

- [Air conditioning test](#)
- [What should you know before buying an air conditioner?](#)
- [What do we need to know about air conditioning installation?](#)
- [Regular maintenance and service keep the air conditioner efficient](#)
- [For the first time in Bulgaria: Collective purchase](#)
- [Cheap air conditioners? Learn how to get one](#)
- [The offer is here! Cheap air conditioners are here!](#)
- [Consumers ask about cheap air conditioners](#)
- [Consumers ask about cheap air conditioners /II/](#)
- [The proposed purchase - advantageous and high-quality](#)
- [Lower price for a new air conditioner? The first collective purchase in Bulgaria!](#)

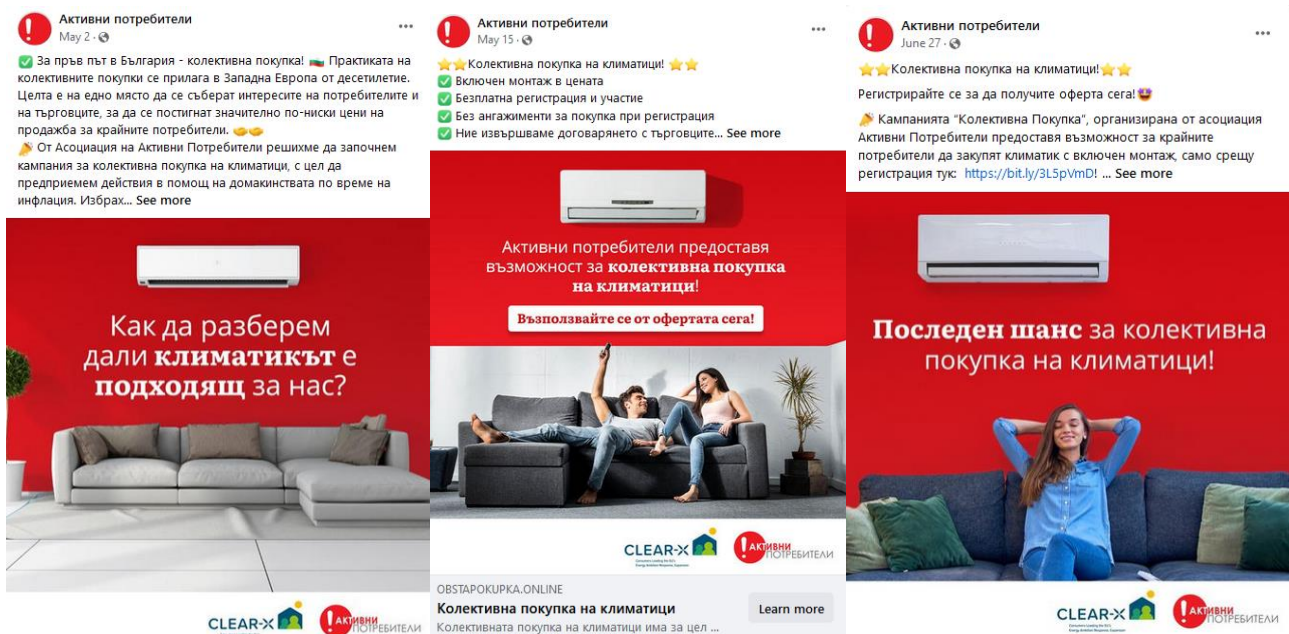


BNAAC and the CLEAR-X project gathered significant media attention, actively participating in TV and radio shows, podcasts, and interviews for various online platforms. Moreover, the organisation didn't confine itself to an online presence but also produced three paper brochures. The initial brochure provided information about the collective purchase of air conditioners, offering insights into the process and presenting the results of air conditioner tests. The second brochure focused on the ideas and goals of the CLEAR-X project, centered around "putting renewable energy technologies in the hands of European consumers." The third brochure addressed the most crucial questions about collective purchasing.

To reach a wider audience, BNAAC successfully organized a two-days fair event in a big shopping mall in Sofia to disseminate information about the campaign, its objectives and the ongoing collective purchase. This initiative was further reinforced by hosting a workshop with consumers in Sliven.

BNAAC also implemented a marketing campaign with the goal of reaching a broad audience and encouraging participation in the collective purchase of air conditioners. The campaign used a combination of targeted activities to achieve the most effective results. The mix included:

- Radio appearances;
- Television appearances;
- Social media (generating organic and paid traffic);
- Ad placement in paid banners network;
- Print and online advertorials and advertisements;
- Consumer support: telephone helpline and expert advice via e-mail.



The image displays three social media posts and three brochures for the CLEAR-X collective purchase campaign. The social media posts are in Bulgarian and promote the collective purchase of air conditioners, highlighting benefits like low prices and free installation. The brochures feature a red background and white text, with images of people sitting on a sofa. The first brochure asks 'How do we know if an air conditioner is suitable for us?', the second says 'Active consumers provide an opportunity for collective purchase of air conditioners!', and the third says 'Last chance for collective purchase of air conditioners!'. All brochures include the CLEAR-X logo and a 'Learn more' button.



CONCLUSION

The table below presents the goals (KPIs) versus the results achieved. Despite the high interest in the campaign from both media and consumers, the campaign managed to provide consumers with 251 models out of a planned 700 models. The group purchase webpage attracted 84,576 visitors with registrations reaching 1,340.

A survey was conducted after the group purchase campaign, and 197 respondents took part in it. For 78% of the consumers who bought an air conditioner and took part in the Consumer Satisfaction Feedback, the installation was completed. It was carried out within the planned deadlines, and everything went without any difficulties. Regarding the site, 87% of consumers felt that it was helpful in making a purchase decision.

Due to the vigilant market monitoring conducted by BNAAC, the organisation observed a shift in the national air conditioner market during and after the group purchase campaign carried out under the CLEAR-X project. This change is evident in the enhanced competitiveness of the market and has yielded positive outcomes. Upon the availability of air conditioners and their prices on the collective purchase landing page, the market responded dynamically. In reaction to our campaign, numerous traders further lowered their prices to incentivize consumers to purchase more air conditioners. Although this hindered the success of our campaign, we believe that, in the end, we achieved a positive outcome for Bulgarian consumers.

	Goal	Achievement ¹
Engagement	7,000	1,340
Sales/Installations	700	251
Average cost per installation	650€ ²	1,175.09€
Page Visits	N/A	84.576

Barriers

The achieved results have been negatively influenced by several barriers and constraints identified by BNAAC. The most significant hurdle to the successful attainment of the set goals is the presence of several ongoing grant projects in the country. The municipalities that offer free replacement of heating appliances began receiving documents from consumers at different times in different cities, and some of these deadlines coincided with the start of our campaign at the end of March. In some cities such as Sofia, Montana, Burgas, Ruse and etc., they continued to accept documents and carry out free installations of various ecological heating devices, including air conditioners. These projects, implemented by 12 major Bulgarian municipalities, focus on the **free replacement** of old non-ecological heating devices (e.g. wood burning devices) with new ecological alternatives heating devices. When presented with the choice between receiving a free device or participating in BNAAC's collective purchase

¹ The achieved results entered in the column are taken from the Microsoft Power BI- tool integrated into the collective purchase page to visualize the data that the site collects.

² This average cost was determined based on national data available at the time of writing the project proposal in 2020.



campaign, consumers overwhelmingly opted for the former. Moreover, the only prerequisite for participating in these new projects was residing in one of the 12 municipalities and surrendering the old heating device. It is worth noting that these 12 municipalities cover about 50% of the population:

- Sofia municipality- 1,280,334 people;
- Pazardzhik - 226,209 people;
- Burgas - 378,596 people;
- Ruse - 189,623 people;
- Stara Zagora - 291,852 people;
- Veliko Tarnovo - 204,033 people;
- Montana – 116,172 people;
- Vidin - 72,754 people;
- Gorna Oryahovitsa - 37,475 people;
- Plovdiv - 631,516 people;
- Pleven - 110,843 people;
- Smolyan - 93,354 people.

The project encountered several additional challenges that hindered the successful achievement of the set goals.

- Technical issues, such as the blocking of multiple email domains by anti-spam filters, posed difficulties for consumers trying to register on the collective landing page during the very initial launch of the campaign.
- Limited options for model supply also presented challenges, with many tested models no longer available in the market by the time of launching the campaign, and testing new ones proved to be time-consuming.
- Despite the offer of a 15% discount, consumers overwhelmingly sought more affordable models (with an overall score below 60 points), further complicating the achievement of the indicators. A significant portion of Bulgarian consumers prioritizes the price of the product over the test results, preferring cheaper options to quality air conditioners.

The last identified barrier is a general mistrust in society, indirectly impacting our campaign, as people tend to harbor skepticism. This skepticism is exemplified by the strong anti-vaccination movement in Bulgaria.

Lessons learnt

The insights gained from the implementation of the CPC in Bulgaria can be summarized as follows:

- In a context where heating appliances are provided free of charge by over 20 municipalities across the country, the concept of collective purchasing may not resonate with consumers, given the required financial participation. A growing number of municipalities are offering free environmentally friendly heating and cooling appliances for households.
- In regions with a lower standard of living, consumers tend to prioritize cheaper appliances over quality-tested ones. The initial cost takes precedence.
- The implementation of the CLEAR-X collective purchase initiative led to a noteworthy reduction in prices by many companies offering the sale and installation of air conditioners. This reduction served as a positive stimulus for the adoption of greener technologies in households. Lower air conditioning prices emerged as a potent driver in transitioning towards more energy-efficient and environmentally friendly heating and cooling solutions.

