

T.C.

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**MARKETING AZERBAIJAN:
POSITIONING IN NEIGHBOURING AND REGIONAL MARKETS**

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I declare and honestly confirm that my study, titled “MARKETING OF AZERBAIJAN: POSITIONIN IN NEIGHBOURING AND REGIONAL MARKETS” and presented as a Master’s Thesis, has been written without applying to any assistance inconsistent with scientific ethics and traditions, that all sources from which I have benefited are listed in the bibliography, and that I have benefited from these sources by means of making references.

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ABSTRACT

The key point of this research was to identify the importance of a destination brand positioning in neighbouring and regional markets and to suggest effective positioning strategy. Azerbaijan is not well known country in the World, consequently tourism opportunities of the country can be viewed as insignificant. Therefore, enhancing the image of the country along with carrying out promotion campaign that informs potential tourists is essential. The objectives of current research were following: 1) to evaluate the perception of Azerbaijan among neighbouring and regional countries, 2) to explore obstacles that prevent potential tourists in regional markets from visiting the country, 3) to suggest positioning strategy that based on positive perception of Azerbaijan in neighbouring countries, 4) to suggest which measures can be taken to enhance tourist flow from neighbouring and regional countries to Azerbaijan.

The research outcomes reveal a lack of information concerning the touristic offerings of destination Azerbaijan. Other obstacles that prevent development of incoming tourism in Azerbaijan are price policy of local stakeholders, limited number of offerings within the country. It is recommended to consider the importance of regional markets in context of incoming tourism, to enhance touristic propositions, and by reconsidering the price policy make visiting of Azerbaijan affordable for larger number of tourists.

Keywords: Destination Marketing, Destination Branding, Destination Brand Positioning

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CONTENTS

RECORD OF THESIS DEFENSE	ii
DECLARATION IN LIEU OF OATH	iii
ABSTRACT	iv
ACKNOWLEDGEMENTS	v
TABLE OF CONTENTS	vi
INDEX OF FIGURES	ix
INDEX OF TABLES	x
INDEX OF SYMBOLS AND ABBREVIATIONS	xi
INTRODUCTION	xii

CHAPTER ONE

LITERATURE REVIEW

1.1. Marketing	1
1.2. Service Marketing	3
1.2. Destinations	5
1.3. Brand	7
1.4. Segmentation and Targeting Consumers	10
1.5. Brand Positioning	13

CHAPTER TWO

CONCEPT OF DESTINATION MARKETING

2.1. BRANDING DESTINATIONS	16
2.1.1. Country Brand	16

2.1.2. Destination Branding Challenges	20
2.1.3. Measuring Destination Celebrity	20
2.1.4. Establishing the Destination Brands	23
2.1.5. Consumer Based Brand Equity	25
2.2. DESTINATION POSITIONING	26
2.2.1. Main Success Factors for a Destination Brand	26
2.2.2. Brand Identity vs. Brand Image	27
2.2.3. Implementation of Positioning	27
2.3. DESTINATION MARKETING IMPLEMENTATION	30
2.3.1. Identifying Target Markets	30
2.3.2. Classification of Visitor Segments	31
2.3.3. SWOT Analysis and Objectives	32
2.3.4. Marketing Mix for Destinations	33
2.3.5. E-Destinations	35

CHAPTER THREE
METHODOLOGY AND RESEARCH

3.1. RESEARCH APPROACH	37
3.1.1. Research Method	37
3.1.2. Research Design	37
3.1.3. Data Collection and Interview Methods	38
3.1.4. Limitations	39
3.2. DESTINATION AZERBAIJAN	39
3.2.1. Geography	39
3.2.2 Well-known Destinations in the Country	44
3.2.3. Undiscovered Destinations with Tourism Potential	51

3.2.4. Azerbaijan’s Tourism in Figures From Past Till Now	53
3.2.5. Segmentation and Targeting for Destination Azerbaijan	62
3.2.6. Destination Azerbaijan: SWOT Analysis	63
3.2.7. Developing Destination Azerbaijan and Sustainability aspect	66
3.2.8. Potential for Development and Current Issues	68
3.3. FINDINGS	70
3.3.1. Azerbaijan’s Image and Destination Brand Awareness	70
3.3.2. Competition and Needs of Target Market	70
3.3.3. Positioning a Brand in The Target Market	71
CONCLUSION	75
REFERENCES	78
APPENDIX	



INDEX OF FIGURES

Figure 1.1: Four Service Characteristics	3
Figure 2.1: The Destination Celebrity Matrix	21
Figure 2.2: The Destination Brand Positioning Map	22
Figure 2.3: The Destination Brand Fashion Curve	23
Figure 3.1: Azerbaijan's Location in the Region	39
Figure 3.2: Number of Beds in the Country	56
Figure 3.3: Overnight Stays in the Accommodation Facilities	57
Figure 3.4: Share of Foreign Visitors by Countries in 2009	58
Figure 3.5: Share of Overnight Stays by Countries in 2009	59
Figure 3.6: Share of Foreign Visitors by Countries in 2013	59
Figure 3.7: Share of Overnight Stays by Countries in 2013	60
Figure 3.8: Overnights Stays by Countries of Origin	60

INDEX OF TABLES

Table 2.1: The Five Phases in Destination Brand Building	24
Table 3.1: Determining POPs and PODs in Target Markets	73



INDEX OF SYMBOLS AND ABBREVIATIONS

AZPROMO	Azerbaijan Export and Investment Promotion Foundation
AZSTAT	Azerbaijan State Statistical Committee
DMO	DMO- Destination Management Organizations
MCTAR	Ministry of Culture and Tourism of Azerbaijan Republic
MENRAR	Ministry of Ecology and Natural Resources of Azerbaijan Republic
n.d.	No Date
POD	Points of Difference
POP	Points of Parity
RTB	Reasons to Believe
SWOT	Strengths Weaknesses Opportunities Threats
T&T	Travel and Tourism
UNWTO	United Nation World Tourism Organization
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UK	United Kingdom
USA	United States of America

INTRODUCTION

Today, every country, city and region on earth must establish a positive reputation in order to be successful in different aspects of international relations. Many destinations are now actively marketing themselves through adapting methods which normally suggested for products. One of those methods is brand image which provide the information concerning the brand, and countries with positive brand image have high expectation of quality and competence. From this aspect, the reputation of a country plays an essential role in its economic, social, cultural relations with the rest of the World (Anholt, 2009:8). Especially developing countries need to create a positive image for economic growth, and tourism, because of they have not achieved desirable progress level yet. Particularly in tourism industry national image of the country is critical. In order to achieve desired results countries need to convince not only potential tourists but also decision influencers like tour operators, tour agencies and government bodies. Thus, enhancing or maintaining (already positive) the destination brand image is main task for authorities and national tourist boards. This thesis draws attention to the problems of Azerbaijan's tourism sector development. Destination Azerbaijan is a place with huge but in same time undervalued potential for tourism. In order to attract tourists destination brand should be developed and promoted by considering several aspects. One of the key aspects is proximity and geographical location. Thus current study provides insight into the perspectives of brand positioning in neighbouring and regional markets.

This research addressed two primary research questions:

- 1) Why neighbouring and regional markets need to be chosen as a main target markets in Azerbaijan's marketing strategies?
- 2) What measures can be taken to draw more tourists to Azerbaijan from neighbouring and regional markets?

Recognizing the fact that neighbouring countries as a main source of tourists are extremely important in tourism's prosperity is a basic task. Reports by UNWTO prove mentioned suggestion. Moreover, some scholars (Weaver & Lawton 2009:86) describe this in their study as because of higher transportation costs and longer

travelling time, the number of visitors from the origin country will decrease as distance to the destination country increases. Consequently, geographical proximity and accessibility of the destinations becomes more important over the years. Therefore, efficient factor of positioning in neighbouring markets will be higher. Especially it is a key issue in tourism marketing for new destinations, no doubt that countries are firstly known regionally then in global scale. Level of infrastructural availability plays a major role in developing prosperous tourism destinations. Although it demands considerable costs, undoubtedly that proximity makes it cost effective in shorter time period than it would be with other distant origins. Due to mentioned reasons and opportunities it is more efficient to position Azerbaijan in neighbouring markets: Russia, Turkey, Iran and nearby countries (with considerably big markets) of former USSR – Ukraine and Kazakhstan.

The purpose of this study is to evaluate the effectiveness of Azerbaijan's marketing efforts and describing perspectives of the destination positioning in the nearby countries. To achieve these objectives, it was decided to conduct qualitative research through semi-structured interviews. The interview was held with the representatives of the tourism industry in neighbouring countries and regions. At the same time, secondary data – that collected through books, academic journals, official industry reports and web pages were used to enrich understanding of main issues of the topic. The reason for adapting both qualitative and secondary data is to better understand research problem by combining numeric trends with qualitative views. This mixed method could enhance the validity of findings and better ground suggested solutions. Moreover, gained knowledge is aimed to have contribution for Azerbaijan's marketing practitioners and scholars as well as provide suggestions to draw more tourists to the country.

1. Literature review

1.1 Marketing

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association dictionary, 2013). In other words marketing allows individuals and groups obtain what they want and need through creating and exchanging the values (Armstrong & Kotler, 2005:6). According to the same authors marketing process can be described as follows: marketers have to determine market place and investigate needs and wants ; then construct communication strategy that delivers superior value; build profitable relationship with customers and create “customer delight” (Armstrong & Kotler, 2005:6), and finally receive value from customers.

The five core marketplace concepts can be described as follows (Armstrong & Kotler, 2005:7):

1. Needs wants, and demands;

Well established marketing campaigns make great efforts to understand their customer’s needs, wants and demands. To achieve it they conduct consumer research and analyse tons of data.

2. Marketing offers (products, services and experiences)

Marketing offers includes not only variety range of products and services but also information, experience, activities or benefits (Armstrong & Kotler, 2005:7) that offered to the market in order to satisfy needs and wants of the customers. Marketing offers can also include places, ideas and persons.

3. Value and satisfaction; exchanges

According to Armstrong & Kotler (2005, p.8) customers often do not calculate product values and costs precisely but they favourable react on products with high perceived value. “They select the company that offers greatest perceived value. Customer satisfaction is a perceived performance of a product relative to a buyer's expectations”.

Consequently when performance matches the expectation the customer is satisfied when performance does not fit the expectation customer is dissatisfied. When

performance exceeds the expectations then customer is highly satisfied, make repeat purchases and share their positive experience with others.

4. Transactions and relationships

The main task for marketer receives a positive response on a marketing offer. Marketing involve building and maintaining desirable exchange relationships with target audiences through product, service and experience (Armstrong & Kotler, 2005:8). The objective of the marketers is to retain customers and as a result contribute to company's growth. Delivering superior value to the customers is a key element in development of a strong economic and social relationship with them. Customer satisfaction creates an emotional relationship with a product or service.

5. Markets

Exchange and relationship describe the concept of a market. A market is a set of actual and potential buyers of a product or service. The size of a market depends on the number of people who exhibit the need, have resources and are willing to exchange these resources. Activities like product development, research, communication, distribution, pricing and service are core marketing activities.

Creating, communicating and delivering value for customers are the main tasks of marketing. Related activities classified as marketing –mix by McCarthy, which he called the four Ps of marketing product - price, place and promotion (Kotler & Keller, 2011:22). Marketing mix is powerful tool for influencing consumers. After choosing the target segment marketers determine the offering, arrange a price that indicates real value of the proposed offer, choose the delivering channels and inform the customers about offering. Implementation of integrated marketing is the main theme that demands special attention. It involves communicating the value through diverse ways and maximizing the effect by coordinating all marketing efforts of organizations. Each communication must also deliver a consistent brand image to customers at every brand contact (Kotler & Keller, 2011:22). Thus ensuring that marketing activities can complement and reinforce each other will be result in increased effectiveness of whole marketing strategy.

1.2 Service Marketing

Tourism marketing as a part of Service marketing differs from product marketing. Service cannot be identified or measured by feelings, vision or hearing before buying, however gained experience from provided services exists in forms of memories. Prosperous marketing campaigns recognize this feature of services and make serious efforts to generate positive customer experiences.

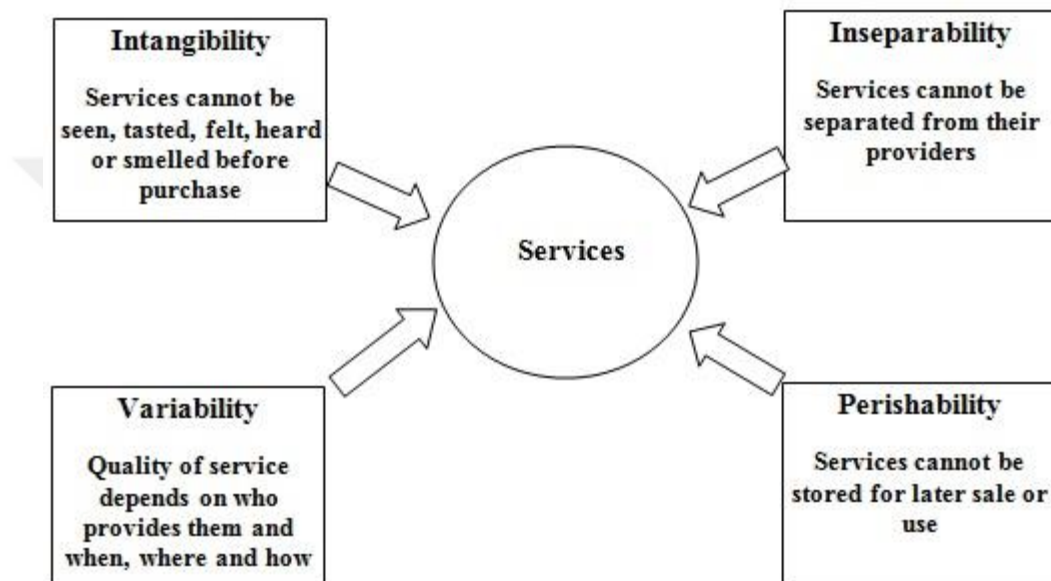


Figure 1.1 Four service characteristics (source: Kotler, Bowen & Makens, 2003:42)

There are 4 features that separate service marketing from product marketing: intangibility, variability, inseparability, perishability.

- **Intangibility**

Marketers have to reduce intangibility that causes uncertainty and offer some tangible evidence of their services. The level of tangibility in the service offerings can be measured through “tangible goods which are included in the service, the physical environment and tangible evidence of service performer” (Palmer, 2011:8). Thus all information that fully describes the service, for example in hospitality sector the pictures and videos of exterior, interior of the building where services are provided will be extremely useful.

- Inseparability

In most cases the service provider and the customer need to be present for a deal. Employees that contact directly the customers are part of a service. Thus if poor attitude of the employee takes place it consequently influence the customer satisfaction in a negative way. Inseparability defines the customer as a part of a product. As without interaction between customer and service provider the benefits of the service cannot be realized.

- Variability

This feature is a greatest concern to the service organizations. Because of services are customer-contact oriented it is obvious that skill's and performance of the service provider impacts overall quality. Variability results in difficulty to present a persistent quality. Thus for service companies maintaining brand consistency is more difficult than for product manufacturers. Thus in order to reduce negative consequences of variability service organizations try to train, motivate and control the staff, and where it is possible to replace customer-employee interaction with the machine provided services (e.g banks, electron government services). However, to create superior value there is a need in well performed interaction, and variability can be used as a differentiating tool in delivering services (Palmer, 2011:10).

- Perishability

This is a disability of services to be stored or kept for subsequent sales in the future. Demand for services varies through time and particularly in hospitality sector it is called seasonality. Resort hotels and dependent services can make sales with highest profit only in peak seasons, either in winter or summer depending on geographical location. Thus management of supply and demand is crucial in handling the problem. Pricing and promotion are useful tools to decrease perishability effect (Palmer, 2011:13).

Tourism and hospitality sector is a well-known pattern of intercultural relationships. Thus it is critical to understand international service marketing rules. International

service marketing differs in some aspects from domestic service marketing, these include:

- 1) Marketing activities that take place in more than one country
- 2) International marketing considers government control and foreign cultures.

To accomplish international marketing goals marketers need to take into consideration that services are inseparable and variable, and they are customer-contact oriented. Thus customer sensitivity is a basis for success. Some researchers define international services as following “International services are deeds, performances, efforts, conducted across national boundaries in critical contact with foreign cultures” (Clark, Rajaratnam, Smith, 1996:15). Understanding of local needs is a key for marketers. Particularly companies need to recognize the possibility of providing the same offer in variety range of markets or they need to adapt to the local market characteristics. The manner in which brand values are communicated in advertisements is a reflection of the cultural values of a society (Palmer, 2011:501). Therefore, promotional messages need to include perceived values of the different markets. In other words, despite offering the same service promotion, it is vital to adapt to the desire of several foreign markets. In some cases, countries with the similar cultural values can be grouped as a single target audience.

1.3 Destination

Destinations offer variety range of experience to visitors. Traditionally, destinations are regarded as well-defined geographical areas. However, Buhalis (2000) mentions that nowadays “destination is something with a perceptual concept, which can be interpreted in different ways by tourists” and it depends on their educational level as well as cultural background. Kotler, Bowen & Makens (2003:718) gives the definition of destination as “Destinations are places with some form of actual or perceived boundary, such as the physical boundary of an island, political boundaries, or even market created boundaries”. However, Buhalis (2000) looks more into details and describe it as:

“Destinations offer an amalgam of tourism products and services, which are consumed under the brand name of the destination. They can be regarded as a combination (or even as a brand) of all products, services and ultimately experiences provided locally. It also enables us to assess the impact of tourism regionally, as well as manage demand and supply in order to maximise benefits for all stakeholders”.

There is six A's framework that is suggested to describe destination by Buhalis's (2000):

- Attractions (natural, man-made, artificial, purpose built, heritage, special events)
- Accessibility (entire transportation system comprising of routes, terminals and vehicles)
- Amenities (accommodation and catering facilities, retailing, other tourist services)
- Available packages (pre-arranged packages by intermediaries and principals)
- Activities (all activities available at the destination and what consumers will do during their visit)
- Ancillary services (services used by tourists such as banks, telecommunications, post, newsagents, hospitals, etc)

On the other hand, Hudson in his work (2008:392) classifies destinations as follows:

- *Major international destinations.* These destination that are top destinations in terms of visitor numbers and there is a common desire among tourists in visiting them.
- *Classic destinations.* The destinations with cultural, natural and historical sites that encourage the visitors to stay longer.
- *Human made destination resorts.* Here tourists are not tend to go outside the resort which in most cases is all-inclusive resorts.
- *Natural landscape or wildlife.* The destinations with rich and diversify flora and fauna attract appropriate type of tourists.
- *Alternative destinations.* The destinations that provides nowadays popular attractions and activities like theme parks, shopping malls, cruise adventures

- *Business tourism destinations.* The destination that attracts business people as well as other type of tourists that are either participants or visitors of variety range of events (MICE travellers).
- *Stopover destinations.* Destinations that situated between tourist origin places and final point of travelling.
- *Short break destinations.*
- *Day trip destinations.*

1.4 Brand

The American Marketing Association (AMA 2014) define, a brand as a “name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers”. In other words establishing a name, logo, or sign for a new product describes the branding process, and these elements that are used to distinguish the product or service are brand elements. Consequently a definition of a brand is something more than simply a product but a product plus set of features that can characterize it from others in the same group. These characteristics may be tangible, related to product performance of the brand or can involve symbolic, emotional, and intangible features (Keller, 2013, p.31). “Brands, especially strong ones, carry a number of different types of associations, and marketers must account for all of them in making marketing decisions” (Keller, 2013:32).

According to Kapferer (1992) a brand is complex of six levels of meaning (as it cited in Kotler, 2003:418:419):

1. Attributes: A brand defines a certain attributes
2. Benefits: Attributes must be translated into functional and emotional benefits
3. Values : A brand illustrates the producers values
4. Culture: A brand represents a particular culture
5. Personality: Assignment of a brand to a set of human characteristics in order to be differentiated in a product category (Aaker, 1997)

6. User: A brand defines the portrait of consumer that uses this brand.

There is also another definition that describes brands: the corporate brand defines organization that delivers and stands behind offering and the number, power and credibility of organizational associations are greater for a brand that represents corporate organization (Aaker, 2004). The corporate branding construct can be applied not merely to corporations, but also to nation states and cities (Balmer, 2010). Thus country brands are like corporate brands and successful nation branding depends on positive associations related to the country.

Branding is about ability to create divergent product or service. One of the pivotal definitions in measuring brand power is brand equity. According to Kotler & Keller (2011 :238) Brand equity is the added value endowed on products and services. It indicates a brand's power that derives from well recognition and having positive associations. Customer based approach of studying brand equity is critical in understanding consumers feelings and behaviour towards the brand. Thus customer based brand equity is critical in branding.

“A brand has positive customer based brand equity when consumers react more favourably to a product and the way it is marketed when the brand is identified, and vice versa” (Kotler & Keller, 2011:240). The main objective here is to give the customers the right type of experience with products and services, thus as a result, to create desired brand knowledge in order to build strong brands.

According to Kotler & Keller, (2011 :244:245) there are different models of brand equity. Aaker's one is among the most established ones. Thus according to Aaker's model the brand equity includes the brand awareness, brand loyalty, and brand associations which take place in forming of product or service value. Aaker's also mentions that one of the critical elements in brand management is brand identity “brand identity is the unique set of brand associations that represent what the brand stands for and promises to customers, aspirational brand image” and the process of brand management actually starts from it.

According to Kotler & Keller (2011:245) there are three main sets of brand equity drivers:

1. Choices of brand elements and determining the brand identity – brand names, URLs, logos, symbols, characters, spokespeople, slogans, jingles, packages, and signage.
2. The product, service and all accompanying marketing activities as well as supporting marketing programs
3. Other associations indirectly transferred to the brand by linking it to some other entity (a person, place, or thing)

Important to realize the right choice of brand elements is crucial for building positive brand equity. According to Kotler & Keller (2011:246) there are six criteria to choose brand elements: memorable, meaningful, likable, transferable, adaptable, and protectable. Brand elements are playing essential role in brand building and they should be easily recognizable, descriptive and convincing. Building brands does not depend only on advertising. In order to enhance brand equity marketers must take into consideration experiences that gained through using the branded product or service and develop appropriate promotion campaign.

Tourism is a considerable part of service economy thus service branding approach is applied for branding tourism and hospitality. Using of brands in service sector becoming increasingly important, one of the advantages is that branding limits the search activities of potential buyers (Palmer, 2011:260). On the other hand, branding allows to address intangibility problem the obstacle that occurs in marketing of service sector. So, brand symbols make the service more tangible and concrete. Branding services helps to organize and label the variety range of new offerings in easily communicated manner (Keller, 2013:42).

Branding has been found to simplify the decision making process by providing sense of security and consistency (Palmer, 2011:260). Consumers instantly react on the reputation of the company especially in the situations where getting appropriate service is under risk and physical evidence of the service is low. Reputation of service firm can be especially vital in simplifying the choice for buyers, who may have little understanding of services that are newly presented (Palmer, 2011:266). Brands can help identify and provide meaning to the different services provided by a firm (Keller, 2013:42). Not to mention companies not only brand its premium business but also communicate to the budget consumer segment

(i.g. airline's regular passengers) that they are also special in some way (Keller, 2013:43).

One of the most important aspects in branding is delivering a consistent standard of service. Consistency focuses on relatively abstract concepts such as integrity, honesty and reliability (Palmer, 2011:267). Therefore it is crucial to maintain the quality of product or service otherwise it can be result in a perception of poor service and in consequence damage the brand's reputation. In such cases that are consequent of service failure, organization has to consider some measures to prevent its image from further damaging.

1.5 Segmentation and Targeting Consumers

Market segmentation can be defined as the process of dividing a market into distinct subsets of consumers with common needs or characteristics with the aim of subsequent targeting these subsets (Schiffman & Kanuk, 2004 :50). The strategy of segmentation enhances ability to compete effectively by differentiating product and service offerings. Differentiation can be carried out through styling, packaging, promotion, distribution channels, excellent service and price.

Schiffman & Kanuk (2004 :52) describes segmentation as a basis in implementing the three-stage marketing strategy which involves three components: segmentation, targeting and positioning. Segmentation studies are designed to discover the needs and wants of specific groups of consumers and provide the products that match each group's needs. This statement makes sense also for Tourism and Hospitality sector. Well recognized hotel chains like Hilton, Hyatt, Intercontinental and others implement market segmentation. It is based on needs and wants of travellers ranging from price-sensitive tourists to full service business travellers. Sometimes there is a need to define the consumer groups more precisely. Thus marketers divide the segments into sub segments called niches. Forming a niche has got several advantages; customers will pay a premium to the firm that best satisfies their needs, the niche is small but have a defined size, the growth is potential and it is unlikely to attract many other competitors, and it is possible for organization gain certain economies because of specialization (Kotler & Keller, 2011:209).

To develop new products or service offerings that satisfy different consumer segments, marketers conduct segmentation research. Defining the most efficient media for advertisements is among the main tasks of segmentation research. “There are nine categories of consumer characteristics that provide base for market segmentation. They are “geographic factors, demographic factors, psychological factors, and psychographic characteristics, sociocultural, use related, use situation factors, benefit sought and forms of hybrid segmentation” (Schiffman & Kanuk, 2004:53).

Geographic segmentation divides market by location. The needs and wants of consumers who lives in the same area more or less are the same, than people who living outside this area. Mentioned statement also applicable for tourism industry, for instance people who lives in the countries with cold or cloudy weather desires to travel to the destinations with warm weather and vice versa.

According to Schiffman & Kanuk (2004:55) another factor of segmentation is demographic data. This includes: age, sex, income, occupation, education etc. Additional psychological and sociocultural characteristics used to identify the way of thinking the members of the particular market. However the “demographic information is often the most accessible and cost-effective way to identify the target market” (Schiffman & Kanuk, 2004:55). Demographic variables reflect the trends in market and help to plan the marketing mix more precisely. For example increasing numbers of aging population in Europe and Russia requires specific products and services that in most cases not affordable for young generation. Bargaining power of mature adults is of course bigger. Sociocultural variables are among most important sources for market segmentation. As the members of the same culture share the same values, beliefs and customs it is vital to segment market through using this cultural proximity.

Use related segmentation is very demanded among marketers. It describes the rate of usage of a specific product or service among the consumers. According to this segmentation method there are three groups of differentiated consumers: heavy users, medium users, light users and nonusers. Most marketers prefer address their promotion to the small percentage of heavy users as they consume more than others (Schiffman & Kanuk, 2004:64).

In many cases brand loyalty considered as a powerful base for segmentation. Therefore marketers stimulate and reward the consumers that prefer their brand to others. This practice is widely used by service organizations (e.g., hotels, airlines , banks).

According to (Schiffman & Kanuk, 2004:68) psychographic and demographic profiles are highly efficient when they can be combined. Identifying selected demographic and psychographic profile helps to tailor advertisements for these specific groups. Combining several segmentation variables is also the way by which marketer can achieve their tasks.

The next challenge for the market is to select one or more segments to target with an appropriate marketing mix. According to Kotler, Wong, Saunders & Armstrong (2005:418) target market consists of a set of buyers who share common needs or characteristics that the company decides to serve. For effective targeting a market segment should follow several criteria:

- 1) *Identifiable*. Marketers must be able to identify common or shared needs or characteristics that are relevant to the product or service.
- 2) *Sufficient*. Sufficiency is very important for successful results of targeting. Marketers often use secondary demographic data or employ a profitability survey to have a real prediction of the segments' size.
- 3) *Stable*. Marketers prefer to target stable segments in terms of demographic and psychological factors and needs.
- 4) *Accessible*. Marketers must be able to implement economically efficient way to reach the market segments they want to target.

If company decides to target market segments, several marketing methods can be implemented. From this context, differentiated marketing is common used strategy. The organization that applies this strategy sets a separate offer for each market segment. For smaller companies it can be difficult to serve the larger segments because of lack in skills, resources and competition (Kotler et.al, 2005:416). These companies can consider smaller and less attractive segments which can be more

profitable for them. Another factor of targeting is choosing the segment relatively to their bargaining power.

1.6 Brand Positioning

Aaker (1996:21) defines brand position as “the part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands. In other words, brand positioning is a tool that helps to create favourable opinion about the organization’s image and offer in the target consumers’ minds”.

Having positive thoughts concerning the offerings help to maximize company’s benefits. To have a successful brand positioning marketers have to know how the brand is unique, who is the main competitors of the brand, which similarities and differences does exist between the brand and its competitors.

Choosing right competitive advantage is a basis for successful brand positioning. According to Reeves (by Kotler et al., 2005:443) a company should develop a Unique Sales Proposition (USP) for each brand and stick to it. There is a need in identifying ‘number 1’ attribute. Thus consumers tend to remember the leader in position. The most significant ‘number 1’ positions are best quality, best service, lowest price, best value, most advanced technology (Kotler et al., 2005:443).

The product may be similar to competitors one but can have unique associations for consumers – this is the so called Emotional Selling Proposition (ESP). When choosing the differentiation factors to provide, marketers should focus on: Importance, distinction, superior feature, affordability, profitability, communicability, feature of being pre-emptive (Kotler et al., 2005:443).

There are several criteria of brand frames of references that help consumers to perceive a product or service which the brand represents. To form a basis for positioning marketers need to set up appropriate competitive frame of references that define consumer target market and competition (Keller, 2013:82). Establishing efficient positioning strategy requires having appropriate Points-of-Difference

(PODs) and Points-of-Parity (POPs) associations. “Points-of-difference (PODs) are formally defined as attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe that they could not find to the same extent with a competitive brand (Barwise & Meehan 2004, by Keller, 2013:83). Perceptions of consumers concerning uniqueness of brand associations determine their choice. PODs can be also created from imagery associations. For instance, some organizations use luxury image to target consumers with higher status, while others make offerings to the low cost segment. Thus, choosing several PODs are possible”. They can describe several beneficial features of an offering for consumers. These benefits often have important underlying ‘proof points’ or reasons to believe (RTBs) . Moreover it is critical to have these reasons to believe as they enhance deliverability feature of PODs. These proof points can be for example key attributes, key ingredients or key endorsements (Keller, 2013:84).

Points-of-parity associations (POPs), on the other hand, are not necessarily unique to the brand but may in fact be shared with other brands. POPs distinguish into three categories: category, competitive, and correlational. In case of having lots of competitors it would be better to create positioning at the categorical level for relevant categories. Category points of parity represent necessary but not necessarily sufficient conditions for brand choice (Keller, 2013:84). Category POPs exist in generic level, so consumers perceive a company’s product category according to its offerings. Competitive points of parity designed to neutralize competitors’ points of difference. If company can categorize itself in the areas where competitors are trying to offer an advantage for consumers, the brand should probably be in unbeatable position. Correlational points-of-parity are those potentially negative associations that arise from the existence of other, more positive associations for the brand (Keller, 2013:84). Consumers tend to believe into one attribute of offering thus it makes difficult to deliver several defining or differentiating factors of a brand in a same time. Additionally, each individual attributes can have both positive and negative effects. Therefore, for overall success marketers have to use some techniques to negate unwanted effects.

PODs are critical in positioning; actually they are a basis for further differentiation of a brand. They cannot be set up until product or service is not seen in particular category by consumers. Thus PODs have to be created after having

strong POPs. The brand should not simply copy the competitors brand attributes. However, POPs are needed for consumer recognition of claimed attributes whether they are sufficient enough for the offering or not. Points of parity are easier to establish, while achieving clear points of difference need demonstration of distinctive features that only exists for the positioned brand. Keller (2013:84) states:

“The key to positioning is not so much achieving a POD as achieving necessary, competitive and correlational POPs. Defining and communicating the competitive frame of reference and having points of parity and points of difference are key issues of brand positioning”.

Distinguishing clearly category membership is a basic task for marketers. It allows informing consumers which need of them can be satisfied through using this product or service, as well as allow defining competitors.

According to Keller (2013:87) “a brand must offer a compelling and credible reason for choosing it over the other options. In determining whether an attribute or benefit for a brand can serve as point-of-difference, there are three key considerations. The brand association must be seen as desirable, deliverable, and differentiating. Desirability is an attitudes of consumers towards the brand, deliverability is based on company’s resources that help to deliver the promise, and differentiation is based on need to have a distinct offer that differs from competitors one”.

Another criterion that needs to be satisfied is deliverability. Deliverability depends on ability of the company to offer claimed product or service with claimed attributes, as well as effectively communicate this offerings. Communicability is ability to convince the consumers to buy an offering. To do this and to make them believe to the brand promise, organization have to show trusted ‘proof points’, which in its turn can enforce brand image in the eyes of potential buyers (Keller , 2013:87). To have success in positioning the target segment have to recognize the distinctiveness of offered product or service. It needs to be mentioned that having defensible positioning that can be strengthened over time is a priority objective for the brand managers.

2. Concept of Destination Marketing

2.1 Branding Destinations

Nowadays the importance of tourism to the World's economy is increasingly growing. From this context, in order to achieve desired results in recruiting of international tourists destinations have to adapt advanced strategies. One of these strategies that previously used for product and service offerings is branding. Today branding is a core activity for national tourism boards in establishing prosperous tourism destination.

2.1.1 Country Brand

According to Morgan, Pritchard & Pride (2009:41) associations related to the country names can increase either decrease perceived value of manufactured products and services. Consequently, it gives consumers some ideas about the products and helps to make further decisions. Potential consumers usually have images of countries despite the fact that not every country establishes its name as a brand. It is related to national stereotypes, thus, people have some thoughts and beliefs concerning particular countries. However many countries are less known or not known at all. Therefore DMOs in this group of countries have to make much more efforts to encourage tourists and attract them to the country. According to Kotler et al., (1993, by Morgan et al.,2009:42) country image is about:

“The sum of beliefs and impressions people holds about places. Images represent a simplification of a large number of associations and pieces of information connected with a place. They are a product of the mind trying to process and pick out essential information from huge amounts of data about a place”.

A country's image comes from its geography, history, economic development, culture and etc. Morgan et al. (2009:42) mentions that mass media plays a major role in designing the perceptions of people. Especially perceptions can be easily formed through authentic facts about the place that are shown in mass media. The key is to find niche in marketplace, in other words being competitive and trying to satisfy the needs of target market, as well as provide impressionable product

that has no any alternatives. Here the term of authenticity and uniqueness need be mentioned as well. The first one is related with the “sense of place” which helps to distinguish a particular destination from all others, and uniqueness is most valuable at the global scale and encourage tourists even from distant places come to see and feel that destinations.

From this aspect, geographical location of the country makes Azerbaijan unique destination. It is an advantage that country is situated in Caucasian region, as well as on the shore of Caspian sea. Uniqueness of location is that Caspian sea is the biggest lake (so big that it is called sea) in the world and Caucasian mountains are the highest mountains of Europe (with the Elbrus's peak 5642 meters). These geographical areas represent authenticity and can be realized in marketing activities to increase tourist flow into Azerbaijan, along with other regional countries.

It is also vital to know that different people in different societies hold different stereotypes of nations. Yet in some cases beliefs and stereotypes are common across particular group. These include social cognitions, mental representations shared by members of a given society (Morgan et al., 2009:42). Beliefs and stereotypes is a sort of reaction to the image of the country.

Another point described by Usakli & Baloglu in their study (2011) “destination personality has a positive impact on intention to return and intention to recommend. The greater the match between destination personality and tourist’s self-concept, the more likely is that the tourist will have a favorable attitude toward that destination, resulting in intention to return and word of mouth”. Subsequently, today it is critical to develop strategies that highlight the image and personality of country brand.

To be competitive and well known destination as well as to find markets for export there is a need for adequate marketing and branding strategy (Morgan et al., 2009:46). According to Kotler (2011:240) power of brand lies in what customers have seen, read, heard, learned, thought and felt about the brand over time. Thus the destination brand should be as much positively informative and appealing as it can be.

“Besides, tourists in their turn mostly seeking for lifestyle fulfilment and experience, and do not want to measure differentiation among most tangible attributes of

destination like accommodation and attractions. In simple saying they need to be satisfied with emotional side of the tourism activity” (Morgan et al., 2009:60). Nowadays, tourists can pick up the information about the destination and facilities provided there very quickly. Thus they quite informed about the standards in the industry, and know what they can expect from accommodation and services, attractions or cultural environment. Consequently, destinations need a differentiator in order to be competitive.

According to Morgan et al.,(2009:61) “the selection of the vacation is turning to important lifestyle attribute, and the decision making process mainly influenced by conversational and celebrity value of the potential destination. The battle for consumers in tomorrow’s destination marketplace will be fought not over price but over hearts and minds” Accordingly strategies previously adapted by consumer brands will be more frequently used by destination brands. However, positive emotions are not enough, the essential point here is to build a strong brand that have exceptional associations which plays a role of differentiation from the competitors. There is also another aspect that Morgan et al.,(2009:61) mention, brand positioning can be done differently for the same destination in order to respond on different target market’s needs. Especially it can be applied in case of Azerbaijan, as the country surrounded with three big and culturally different tourist origins like Russia, Turkey and Iran. For all three countries different positioning strategies should be implemented.

On the other hand, Hudson & Ritchie (2008) in their study mentions that destinations have realized that the brand promise needs to move beyond defining the physical aspects of a destination, and create an expectation of experience once the visitor arrives. Moreover, it needs to be mentioned that in order to have success and consequently draw more tourists a country needs to have clear picture of which offer is preferable for which market segment Morgan et al. (2009:48). Undoubtedly, countries which have impressive natural attractions, distinct cultural characteristics, and rich with historical sites are in most cases among leading tourist destinations. However, there are some destinations for example Dubai that attract tourist with new built attractions. Another way to draw more tourists can be using the power of festivals and huge sport events like Olympic Games, the World or continental championships in leading sport disciplines. These events attract not only athletes and

other sport's people but also significant number of fans of the sport competitions. In case of Azerbaijan we can see that government have been using this strategy through European Games 2015, Chess Olympiad 2016, Formula-1 2016-2023, Islamic Solidarity Games 2017 and Football Euro 2020 to build a positive image and promote the country in the global scale, and surely it is used for popularization of the destination within the region. In this context to organize European Games the country have spent totally 1.3 billion AZN \approx 1.4 EUR (before devaluation of AZN) since 2012, according to the state law "about the state budget of Azerbaijan Republic in 2015" (Ministry of Finance of Azerbaijan Republic, 2015).

On the other hand, Azerbaijan's destination managers have to conduct a research to analyse the current trends and motives which determine tourists' choice in favour of Azerbaijan over another destination. It is essential to understand which values are more encouraging and can result in sales. According to Morgan et al.(2009:48) the values that need to be considered are: social, emotional, convenience and personalization and a price. Because of consumers have great number of destination options, it is extremely important to have a clear picture of competitive offers. This is a fact that tourists are drawn to the place which offers more advantages and more values with less price and easily accessible. In this regard, strategic place marketing helps to achieve mentioned missions and to enhance country's position in the global marketplace (Morgan et al.,2009:46). Moreover, for successful results government, local communities and stakeholders, must be all involved in the process, and cooperate closely. The process requires managing the aspects that influence the image of the destination and encourage consumers to make a decision in favour of the marketed destination.

There are several tasks for country brand management and managing the image is a basis for further achievements. According to Morgan et al.,(2009:46) country's marketing strategy requires determining a brand's image and comparison of that to the competitors' one. According to Morgan et al., (2009:43) the image itself can be dated, based on exceptions rather than on patterns, as well as based on , impressions, rather than on facts, and also widespread. The images are mostly used as an introduction to that describe destinations and also to stimulate consumer concern. However consumers tend to resist changing their opinions and perceptions towards the country. People are more likely to attend information that confirms their

expectations. They disregard information that challenges their knowledge structures, in a process known as confirmation bias”. Hence, images can be held for a long time in the minds. That is why they need to be measured and used for destination marketing purposes. Moreover, the current economic circumstances determine new rules that nations need to comply with in order to create competitive advantage.

The terms brand image and brand identity are sometimes confusing however there is a distinction between them. Identity is the way a company aims to identify or position itself or its product, and image is the way the public actually perceive them (Kotler & Keller, 2011:249). The image formed by organic, induced, and autonomous sources of information is basically one perceived before experiencing a destination, which Phelps (1986) (by Beerli & Martin, 2004) calls secondary image. In contrast, the primary image is formed by actually visiting the resort in question. Therefore, to enhance effectiveness the desired image has to reflect the reality and be original. Additionally to strengthen a country’s image it is better to design new positive associations than trying to improve older ones (Morgan et al., 2009:47).

2.1.2 Destination Branding Challenges

There are some challenges for destination marketers. One of the main issues is a limited budget. Also Tourism destination image can be heavily affected by political instability, economic decrease, terrorism, and ecological problems. DMOs have almost no control over these aspects of destination environment. In addition to achieve better marketing results there is a need for collaboration with variety number of businesses such as tour operators, accommodation providers etc. Furthermore, DMOs in charge of representing all national and business interests within the destination. “These vary from local and national government agencies, through environmental groups and trade bodies, to tour operators and airlines” (Morgan et al, 2009:63) .

2.1.3 Measuring Destination Celebrity

Image of the destination is an essential influential factor in attracting tourists and as a result this is the key for further success in the whole marketing strategy. Destination branding can help to bridge any gaps between destination strengths and potential visitor's perceptions. There is a need in defining the term 'celebrity destination'.

According to Morgan et al., (2009:66) people's attitudes towards the place are of course subjective, and based on individual characteristics, educational background, or enthusiasm thus such positioning maps must be used in conjunction with psychographic analyses of key market segments (see Figure 2.1)

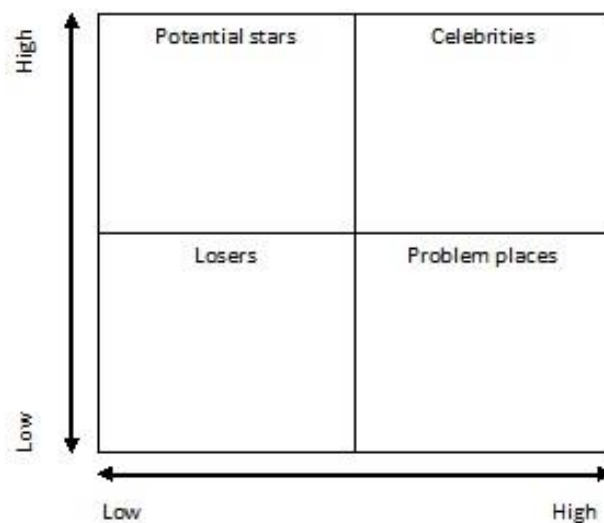


Figure 2.1 The destination celebrity matrix (Morgan, Pritchard & Pride 2009:66)

Indeed, brand winners are those destinations that caused desire and excitement and deliver great conversational value. In contrast brand losers have no expectation for tourists. Problem places are those destinations that far from holding an emotional appeal, actively repel potential tourists see. Other destinations that have high

emotional pull but still remain undiscovered ... have limited (although growing) celebrity value also hold huge untapped potential and can be tomorrow's winner destinations (see Figure 2.2).

Morgan et.al.,(2009:67), proposes that instead of thinking in terms of the traditional product or brand life cycle, brand managers need to take into consideration the S-curve, which outlines the different phases for brand's development through birth, growth, maturity, decay and death (see Figure 2.3). When it comes to implementation of the given concept through the tourism aspect we can describe the destination brand fashion curve as following: we can see in the beginning that market is small so places are seen as exclusive destination for a small group of tourists.

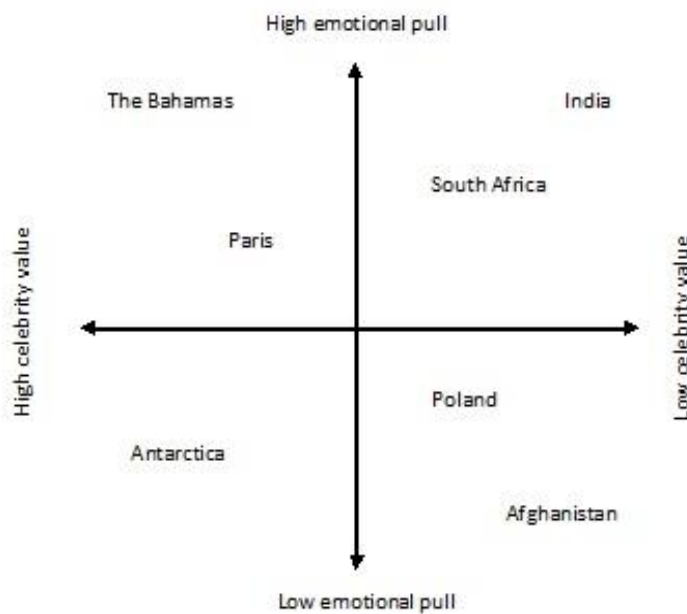


Figure 2.2 The destination brand positioning map (Morgan et al, 2009:67)

Once the destinations become more popular opinion makers move on to the next undiscovered destination since they do not want to remain in popular place. Being in the famous phase indicates that visitors are satisfied and loyal to the destination's brand however they can switch to another one if destination remains unchangeable and not interesting anymore.

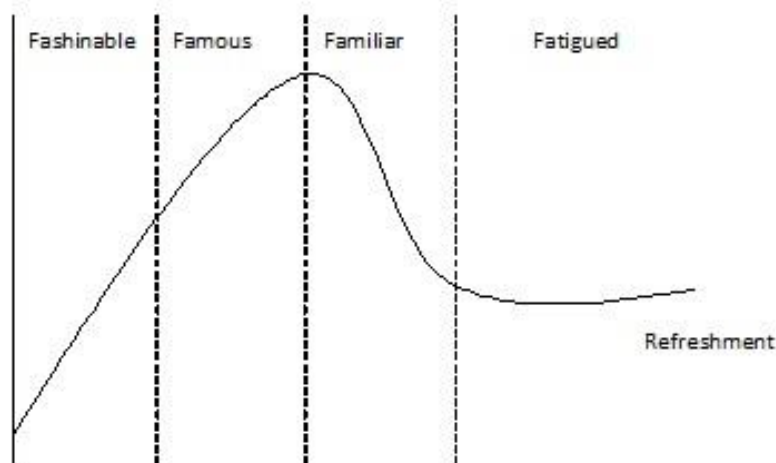


Figure 2.3 The destination brand fashion curve (Morgan et al, 2009:69)

Being in well-known or familiar zone can lead to a decline in visiting of the place by tourists with high purchasing power. This is the fact that some destinations which could not maintain their image become not attractive for tourists. This situation can derive from the lack of promotion efforts either by changed external environment (political, economic etc.). Thus destination marketers have to recognize the right time to implement changes, and make the destination contemporary again.

2.1.4 Establishing the Destination Brands

The application of brand theory to practice is quite challenging process. (Pike, 2012:180) suggests destinations are far more multidimensional than other types of services and goods. As an introduction to the process of establishing the brands it is essential to describe main attributes of the destination brand. According to Morgan et al. (2009:68) these should be durable, relevant, communicable and be noticeable for potential tourists (Table 2.1). Other key issue here is identification of brand relevance to the target audience, and know to what extent beneficial the brand over the competitors. Pike (2012:180) suggests that in order to attract minds of consumers there is a need in a brief message focusing on main brand associations. Furthermore, it is important and difficult to create a slogan that includes all factors concerning

destination a diverse natural environment, built attractions, intangible heritage, traditions, welcoming and hospitable atmosphere within the country.

Table 2.1 The five phases in destination brand building (Morgan et.al., Pride R., 2009:69)

Phase one	Market Investigation, Analysis and strategic recommendations
Phase two	Brand identity development
Phase three	Brand launch and introduction: communicating the vision
Phase four	Brand implementation
Phase five	Monitoring, evaluation and review

Also it should be mentioned that another difficult matter here, is coordinating the interests of all members of community from businesses to ordinary citizens within destination from the one side and targeting needs of different markets from the other. Determining the brand theme and how it should be realized is also essential. Moreover, Hudson & Ritchie (2008) suggest that “the first stage in building a destination brand is to establish the core values of the destination and its brand. This stage should consider how contemporary or relevant the brand is to today’s tourist and how it compares with key competitors”. Destination marketers’ work depends on investigation of current trends in the market, so, brand building process starts from this. They need to conduct several researches and learn the opinion, requests and inquiries of the current and potential consumers as well as local stakeholders (see Table 2.1). Essentially, DMOs cannot directly control implementation and delivering of the brand promise by the local tourism community. Hence, without agreement from these communities the brand strategy cannot be successful. Consequently, there is a need for close cooperation between DMOs and stakeholders in adapting these strategies. In the 2nd phase when the research conducted and analysed, developing brand identity can start.

Hudson (2008:405,406) suggests that brand launch and introduction this is about announcement of a brand and communicating it to the target audience, different promotional tools can be used for this purpose. Brand implementation phase involves delivering the messages of brand personality and proposition like a logotype, brand signature etc. Finally, the last phase of the brand building is the monitoring, evaluation and review for assessing and controlling the brand performance in the marketplace.

In this context DMOs visitor monitoring can be effective measuring tool which would help to increase brand loyalty.

2.1.5 Consumer Based Brand Equity

“Consumer- based brand equity comprises the following assets: brand awareness, brand associations, brand resonance and brand loyalty” (Pike, 2012:181).

- Brand awareness

Brand awareness is a foundation of all sales activity. Hierarchy of needs proposed by Lavidge & Steiner (by Pike, 2012:181) states that, awareness aims to attract attention, stimulate preference, persuading and finally ends in purchase. According to Aaker (1996:10) brand awareness is a measure that evaluates to what extent brand exists in the consumers’ mind. He also suggests that Awareness is measured according to the different ways in which consumers remember a brand, ranging from recognition to recall, to top of mind, to dominant.

- Brand associations

According to Kotler & Keller (2011:165) brand associations consist of all brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on that become linked to the brand node. Furthermore, Aaker (1996:25) explains that a brand association is a link that represents the brand in the customers’ mind. Keller argues that (2013) “brand associations may be either brand attributes or benefits. Brand attributes are those descriptive features that characterize a product or service. Brand benefits are the personal values and meanings that help consumers to perceive the brand. Keller (2013:77) in his work suggests the ways for this: “to choose which favourable and unique associations to link to the brand, marketers need to carefully

analyse the consumer and the competition to determine the best positioning for the brand”.

- Brand resonance

Brand resonance represents a willingness to engage with the destination. This can be explained by actions like “previous visitation”, or mentally, like intention of visiting place in the future Pike (2012:181).

- Brand loyalty

One of the most important concepts within consumer based brand equity model, is brand loyalty, which is determined by commitment and repeated preferences. Due to increasing substitutability of destinations, the critical factors of brand loyalty are “lower marketing costs and word of mouth referrals. Brand loyalty is an essential factor in terms of profitability as “It is simply much less costly to retain customers than to attract new ones” Aaker (1996:21). Different factors influence tourists and make them return to a familiar destination. According to Gitelson and Crompton (1984, by Pike, 2012:182) these factors are:

- “reduced risk of unsatisfactory experience
- knowledge that they would find their own kind of people there
- emotional or childhood attachment to experience
- opportunities to visit aspects of the destination not previously experienced
- to expose others for a previously satisfying experience.”

2.2 Destination Positioning

2.2.1 Main success Factors for a Destination Brand

Having appropriate and actual brand over a long period is the principal challenge for all destinations, as well as staying persistent despite changes in demand and travel preferences. Firstly it is essential to realize financial support for product improvements to achieve stable development, and to provide relevant destination

experience. The second is the influence of the development of new attractions and facilities by stakeholders to make them fitted to the original destination brand character (Pike, 2012:182).

The pricing strategy is based on consumer's perceptions of value (Pike, 2012:182). Consequently, there is a need in efficient allocation of prices grounded on real perceptions of value. Hence it is another matter to solve in order to create right and advantageous perceptions in the target market. On the other hand, communication with the consumers has to show all features of the brand's value. The brand managers have to take into consideration what the brand means to audience. This highlights the need of creating and controlling strategy of brand positioning for the destination (Pike, 2012:184).

2.2.2 Brand Identity vs. Brand Image

Brand identity has an internal focus on issues such as self-image and a vision for motivating stakeholders, while brand image represents the actual image held in market (Pike, 2012:186). Brand positioning forms a connection between them. However, destination brand identity development takes into consideration mainly four aspects (Pike, 2012:188): Determining of brand manager ('brand-champion'); Identification of the brand community – destination brand must represent local residents' sense of place which reflects the values of the community; A destination audit; Production of a brand charter" which provide information and guidance to stakeholders.

2.2.3 Implementation of Positioning

Kotler, Bowen & Makens (2003:285) describe the positioning task as consisting of three steps: identifying a set of possible competitive advantages upon which to build a position, selecting the right competitive advantages, and effectively communicating and delivering the chosen position to a carefully selected target market. Kotler et al., (2003:286) suggest that destination can differentiate itself from competitors by physical attributes, service, location, or image. Some destinations successfully differentiate themselves on service. For example service quality in the Turkish

hospitality business is among the best ones in the World. Thus, increasing the numbers of high quality hospitality service providers within destination will give additional benefits to the target audience.

Location and geographical features are among the key elements of competitive advantage. Destinations that are accessible and have outstanding landscapes can differentiate themselves easily and consequently draw more tourists. For example Azerbaijan can differentiate itself because it is easily accessible from many countries and also has outstanding natural and built attractions.

After differentiated factors are determined destination marketers have to decide how many differences to promote and which ones. The major positions for promoting are best quality, best service, lowest price, best value and best location. In order to target different consumer groups it is grounded to promote more than one position. However there is also the risk of losing clear positioning. According to it is vital to avoid three major positioning errors. First error is underpositioning or not positioning at all. The second positioning error is overpositioning, or proposing limited features of a destination brand. The last one is confused positioning – promoting a confused image of the destination brand (Kotler et al, 2003:288).

Building, maintaining and communicating a consistent positioning strategy is not easy. Moreover in order to achieve effective positioning there is a need for special program that would coordinate management, employees and stakeholders. It also important for destination marketers to review the situation in the market and select a position that places in a better position than its factual competitors. From this context it is required from Azerbaijani destination marketers choose their target market and their competitors properly.

Pike (2012:223) considers 7 stages regarding to destination positioning:

- Identify the target market and travel context.
- Identify the competitive set of destinations in the target market and travel context.
- Identify the motivation/benefit sought by previous visitors.

- Identify perceptions of the strengths and weaknesses of each of the competitive set of destinations.
- Identify opportunities for differentiated positioning.
- Select and implement the position.
- Monitor the performance of the positioning strategy over time.

Pike (2012:224) suggests that it is vital to decide the set of potential determinant attributes, from which can be chosen the most important one for further brand positioning. For successful positioning there is a need in concentrating of attention and it is mostly about small number of differentiated factors that needs to be highlighted, though, a destination often have a variety range of features. There is a need to associate with one word in the mind of targets Ries 1992 (by Pike, 2012:224) is one of the most important concepts in marketing.

According to Keller (2003:143) there are three deliverability criteria in positioning:

- Feasibility

It is about delivering the promise. In this regard more attention should be given into recognizing the readiness of stakeholders and local community for delivering services. Furthermore it is important to clarify to what extent locals really able to deliver promised atmosphere.

- Position communicating

Regarding to enhance strong and unique associations, it is crucial to communicate destination in the most effective way. Thus it is important to figure out whether the message is emphasising current positive associations of the destination or whether it is for creation of awareness or changing opinions.

- Sustainability

To react promptly on increasing competition in target market, destinations should be able to strengthen associations over time.

2.3 Destination Marketing Implementation

Destination marketing is a concept that identifies long term development strategies for travel industry and promote respective destination in the global scale. Among the main tasks of destination marketing should be mentioned increasing the number of visitors, and assisting for partnership of all stakeholders within the place.

2.3.1 Identifying Target Markets

Tourism planners need to have clear picture of visitors' numbers and make a segmentation of the target. On the other hand, tourists do not have same opinion concerning particular destination. Janga, Morrison & O'Leary (2002) in their study mention that market segmentation allows travel marketers to understand the needs and wants of different travel groups and to efficiently communicate with them.

According to Kotler et al.,(2003:730) there are two ways to identify natural target markets. One is to collect information from current visitors. The research questions can be: Where do they come from? Why do they come? How satisfied are they etc.? How many are repeat visitors? The second one is analysis of attractions that destination can provide for the visitors and choosing the most important ones in accordance with rationally appealing criteria. It is challenging to implement because of not all potential tourists interested in same attractions or values provided in destinations.

However identification of target audience can be also preceded through interviews with foreign tour operators that send tourists to the similar destinations. The key question here can be: What attract your customers to the particular (similar to ours) destination? And then compare answer with the situation in our destination by determining the answer to the question: can we satisfy the needs of this audience. If yes and we can substitute or even exceed the experience which they gain in the competitors' destination then this our target audience as well. In addition to that,

observation of the logically hypothetic target market and trends in competitors' destinations can be considered.

After identification of target audience, destination marketers should define markets (countries) where these targets can be found and make it clear - Which countries contain a large number of citizens who have the means and motivation to enjoy the particular place? (Kotler et al., 2003:730). It is critical to take into consideration profitability factor of potential segment. Janga et.al, (2002) suggests that before the choice of a segment is made, the relative profitability of each potential target market must be considered. The ultimate objective of market segmentation is usually to make the most money from the selected target markets.

In this regard Kotler et al.,(2003:730) describes profitability as a difference between the amount tourists likely to spend and the cost of attracting and servicing this group. As a result the segments which have high profitability rank needs to be chosen as a destination's target audience.

2.3.2 Classification of Visitor Segments

The different visitors segments of the destination can be classified in different ways. The common one is based on whether the tourist travels with a group or individually. The widely used terms here are "Group Inclusive Tour (GIT) and independent traveller (IT)". These are the classifications that describe tourists segments (Kotler, 2003:735):

- Organized mass tourists. This defines the GIT. These tourists have little or no influence over their travel experience other than to purchase one package or another".
- Individual mass tourists. This group have somewhat more control over their itinerary in comparison with previous one.
- Explorers. These people fall into IT classification. They plan their own itineraries and make their own reservations. They tend to be very sociable people who enjoy interacting with locals at the destination.

- Drifters. These people the backpacker group, will seldom, if ever, be found in a traditional hotel. They may stay at youth hostels with friends or camp out.

Another classification is suggested by Plog 1974 (by Kotler et al., 2003:735) and defined as following: destinations first discovered by allocentrics (backpackers or explorers). As services and infrastructure are developed over the time allocentrics switch to the new unspoiled destination. The nature of visitors now changes to less adventurous than the preceding one, perhaps older, and certainly more demanding towards comfort and services. Finally, until the last group of visitors called psychocentrics accept being in this destination.

2.3.3 SWOT Analysis and Objectives

SWOT analysis (strengths, weaknesses, opportunities, threats) is a well-known tool for implementing marketing strategies into a practice. According to Weaver & Lawton (2009:194) strength and weaknesses are concerning internal environment of a destination, however, opportunities and threats are factors that influenced by external environment. The external environment includes the elements of general environment such as political, social, cultural and physical environments as well as competitive environment. The key questions while analysing the external environment are: Who are the competitors? What strategies are implemented by these competitors? (Weaver & Lawton, 2009:194) What are their strengths and weaknesses? Who are their customers and why do they purchase their products? What non tourism external environments can influence our destination and which measures can be taken to adequately react to them? (Weaver & Lawton , 2009:195)

According to Weaver & Lawton (2009:195) questions that need to be defined with regard to internal environment of a destination are following: What is the current level of visitation and how it can be compared with the past? Who are the customers, and how are they segmented? What are the activities and behaviour of the customers? To what extent are the consumers satisfied with the provided tourism products? What are the reasons for these satisfaction levels? How effective are current destination branding campaign?

2.3.4 Marketing Mix for Destinations

According to Weaver & Lawton (2009:197) 8P model can be implemented for destination. It includes: Place, Product, People, Price, Packaging, Programming, Promotion, Partnership.

- Place

Place is an important element because tourists come to a destination in order to consume the products offered by destination. “Proximity to actual and potential markets and competitors is crucial element of place”. Accessibility identifies that how well market and destination are connected to each other. It is important to consider in marketing strategies whether it is easy to reach destination or not. Another significant concept here is sense of place which increases the competitive advantage of a place because nowhere else the sense can be felt.

- Product

The product element of the mix is about available services within destination. Destination can provide visiting the different type of attractions or just one specific point of interest. In contrast to the business management the destination managers have a little chance to influence the quality of services, or change the attitudes of the locals towards visitors. Because of almost all products are generic or public goods. However it is possible to require some standards from the service providers and monitor their work, and thereby increase the quality of services.

- People

According to Weaver & Lawton (2009:198) people is important in the marketing mix from three aspects: Service personnel; the tourist themselves and local residents. The service personnel is one of the core elements for a service marketing and in this case well trained personnel highly demanded for satisfying with the destination. It is also vital that tourists aware about destination and local customs.

- Price

As affordability is an important pull factor for destination in drawing tourists, pricing should be also appropriate to the objectives. Price determines how consumers perceive the product and strongly affects other elements of the marketing mix

(McIntosh, Goeldner & Ritchie, 1995:432). Indeed it needs to be mentioned that relationship between price and popularity of the destination is not so obvious. Because of many consumers see the price as an attribute of quality. For this reason, reduced price may dissuade wealthier travellers who can afford higher prices, and may convey a lasting image of poor quality (Weaver & Lawton, 2009:199). However, different types of discounts are frequently used by businesses such as airlines or hotels to attract various price sensitive consumer segments. It is obvious that destination managers have no control over the pricing policies of the businesses though they can be an initiator of specific tax incentives that makes prices reasonable.

- Packaging

Packaging refers to the deliberate grouping together of two or more elements of the tourism experience into a single product (Weaver & Lawton, 2009:200). This is selling proposition that can include: accommodation, transportation, food and beverages, visits to attraction and other services. Nowadays packaging allows tourists to save on a budget, it is not time consuming in comparison with individual setting. On the other hand tour operators also have advantages on introducing tour packages. It is useful tool to stimulate demand in off-seasons and attract new customers as well as new partners (Weaver & Lawton, 2009:200).

- Promotion

According to McIntosh, Goeldner & Ritchie (1995:435) promotion is essential in creating demand for a product or service. Promotion is a broad term that includes advertising, personal selling, publicity, public relations, and sales promotion activities such as give-aways, trade shows and point of purchase.

- Internet

Currently, increasing numbers of people worldwide use the Internet for different purposes. Among these we can highlight that it is a significant instrument for learning and shopping as well. Accordingly, travellers use the Internet to gather information about the places that they plan to visit as well as to buy the tourism products. Moreover, in order to respond to all challenges and be successful over competitors it is vital to understand the importance of the Internet promotion tools.

Personal selling is targeting a particular client, who in most cases is a corporate client. Sales promotion is a tool to attract clients through short-term discounts. Publicity occurs through press releases and it is considered being one of the inexpensive ones. Destination managers can use travel focused programs and shows, newspaper articles in order to create destination brand awareness as well as give more information concerning familiar destination. Advertising is widespread form of promotion and have a real and measured impact on target audience. According to McIntosh, Goeldner & Ritchie (1995:435) in travel marketing advertisements are designed to describe or present a destination area to attract consumers. Effective advertising gains and holds the attention of the prospective visitor, so the message can be communicated. Indeed, implementing promotion through advertisement requires significant expenses.

Adapting television for advertisement purposes based on its popularity and frequency of using by consumers. Additionally, television is one of the more effective contemporary media sources along with the Internet that able to create a realistic and most evident image of a destination. It is important to consider that television advertisement must quickly attract viewers' attention, and promotes the destination within the relevant program.

- Partnership

This indicates mutual benefit of similar destinations which cooperates on temporarily or long term basis for developing and marketing a tourism product. These include releases in new markets, extended product packages, serving customer needs, image improvement through association with well-known brands and access to partners' database (Weaver & Lawton , 2009:205). For example, Azerbaijan has a good chance to have a partnership with the neighbouring countries.

2.3.5 E-Destinations

Nowadays wide spread of electronic devices and expanding role of the Internet in our life influences also the way how we chose the appropriate destination. Moreover, tourism products that related to the particular destination increasingly seen, chosen and booked through the Internet. However, these products as a part of service sector

have intangibility feature, and these products are consumed after arriving the destination, there is always a factor of uncertainty in purchasing travel products. Thus, consumers need reliable and comprehensive information sources, and the Internet is the best way to provide it. Increasingly consumers utilize internet sites for comparing information on destinations, available prices, and planning, booking, as well as reviewing their tourism products (Buhalis & Jun,2011:26).

Therefore with growing importance of the Internet, DMOs have realised that it is essential for their competitiveness strengthen their online involvement. Because of increasing information requests through the Internet DMOs concentrated their efforts in creating websites that would encourage tourists to visit their destination. Another task here is coordinating all partners involved in the service and delivering of tourism related products. DMO's also use ICT's to promote tourism policy, increase the expenditure of tourists, and boost the multiplier effects in the local economy (Buhalis & Jun, 2011:25).

Furthermore, there is also systems called DMSs (Destination Integrated Computer Information Reservation Management Systems) through which group of different destinations cooperate and exposure their offers and facilities together. Most important DMS system providers - are Tiscover, World.net, which became the leading suppliers in the marketplace (Buhalis & Jun, 2011:25).

Destinations online marketing (or “eDestinations”) includes achieving of following objectives (Maurer, 2013):

- Improving country's image as a tourist destination on the Internet;
- To establish and strengthen destination brand identity via the Internet;
- To raise awareness of a destination by using search engine marketing;
- Provide objective tourism information about the destination and prepare needed reports on current situation in destination's tourism sector;
- Promotes products of local stakeholders, distribute them through the destination's site or redirect them to its own websites and third parties.

3. Methodology and Research

3.1 Research Approach

The objective of this study is to acquire understanding of current issues in positioning the country in proposed target markets (regional countries). There are two approaches in research methodology: qualitative or quantitative approach. Current study investigates perceptions of the target audience by implementing qualitative approach.

3.1.1 Research Method

This study was conducted to identify how Azerbaijan can position its destination brand in neighbouring countries, and investigating this problem involves mostly professional approach from the tourism industry. Qualitative research is used as an exploratory tool for this study. The study will take into consideration the opinions of people that work in travel business and organize trips. Moreover, interviews that usually conducted through qualitative approach provide understanding and ability to solve formulated problems. Thus, it seems adequate and reasonable to apply mentioned approach for this study.

3.1.2 Research Design

A research design is a direction that leads researcher in collecting, analysing and in drawing conclusions. There are three types of research designs used to meet a research objective: exploratory, descriptive and causal. This study refers to the exploratory research design that involves collecting of secondary as well as primary data, semi-structured interview is used in the interpretation phase. Moreover, this study formulates a problem for further investigations and determines the research direction in destination positioning. This study inspects the destination branding of Azerbaijan and analysis perspectives of band positioning of the country. To better analyse the case available information about the country will be used. Additionally, to get insights into the problem author decided to conduct interviews with the experienced specialists in the travel business. The interview questions based on concept of destination marketing (see chapter 3), and gathered information about the

destination Azerbaijan as well as observations of current trends that exists in the global tourism industry.

3.1.3 Data Collection and Interview Methods

The primary and secondary data sources have been used to realize this research. The primary data for this study were qualitative data, and the method that has been used to collect the data was semi-structured interviews which conducted with travel agents. The interviews were undertaken in the potential tourists' origin countries, so, the author travelled to Lviv (Ukraine) and Izmir (Turkey). Of the 15 completed interviews 10 was conducted in Russian and the rest 5 in Turkish. Interviews were conducted with following travel agency representatives.

TURKEY - Izmir

Mika Tur, (“A” group tour agency), Interviewee: Sinan Deva - travel agent
Bintour, (“A” group tour agency), Interviewee: Nihan Gultekin - travel agent
Niyazoglu Turizm (“A” group tour agency), Interviewee: Zeynep Ozyar – sales agent
Shino Tour, (“A” group tour agency), Interviewee: Cansu Eroglu, travel agent
Elmatur.com, (“A” group tour agency), Interviewee: Seda Duzcu, travel agent.

UKRAINE – Lviv

Azimut (tour operator), Interviewee: Alena Murzina, travel agent
Akkord Tour (tour operator), Interviewee: Halina Tatarin, travel agent
Piramida Tour (tour operator), Interviewee: Svetlana Boichyk, travel agent
Meest-tour (tour operator), Interviewee: Olga Solomina, sales agent
Eurotravel (tour operator), Interviewee: Maria Konovalenko, travel agent
A vam kudi (travel agency), Interviewee: Tetyana Yarish, travel agent
Max Travel (travel agency), Interviewee: Halina Miller, travel agent
Indigo Travel (travel agency), Interviewee: Solomia Tsolta, travel agent
Amore (travel agency), Interviewee: Oksana Melnik, travel agent
Trident (travel agency), Interviewee: Lidia Yanishin, travel agent

They were asked to share their vision in freely manner concerning destination Azerbaijan through answering questions that were prepared beforehand as an interview guide. Average duration of interviews was 20-25 minutes. All gathered data was translated into English by the author. The interview results were included into the findings section that used to understand the problem and suggest various solutions.

3.1.4 Limitations

There is a possibility that potential interviewee is not available for conducting interview. Other limitations are related to travelling. Difficulties (mostly economical) in travelling to the all neighbouring countries restrict the ability of the author to see all point of views in different tourists' origin countries, so, it is a limitation of the research. Thus there is a need for further research towards the topic.

3.2 Destination Azerbaijan

3.2.1 Geography

The republic of Azerbaijan situated in the Southern Caucasus (Transcaucasia) region which in its turn is between Eastern Europe and Western Asia. The highest peak of Europe Mount Elbrus (5642 m, Encyclopaedia Britannica, 2015) and Azerbaijan's highest peak Bazardüzü (4466 m) both are situated here in Caucasus range. Azerbaijan republic bordered by Russia to the North, Iran to the South, Caspian sea to the east, Armenia to the west, Turkey to the South west and by Georgia to the North west. Azerbaijan occupies an area of 86.600 sq km.



Figure 3.1 Azerbaijan's location in the region (google maps service)

However, historically country called Azerbaijan was covering broader areas as well as what is today's north west Iran, and southern boundaries was on the south from lake Urmia and cities Urmia, Zanzan, Hamadan where ethnic Azerbaijanis live till now. The country situates approximately at the same latitude with Spain, Greece, Turkey, and Korea. Azerbaijan located on the crossroads of Europe and Asia that makes it geographically advantageous for economic cooperation and cultural exchange with variety range of nations.

In Azerbaijan, you can see all kinds of terrain: the mountains, lowlands, plains, and valleys. Approximately half of the territory of Azerbaijan occupied by mountains in the north - the Greater Caucasus mountain range to the south-west - the backbone of the Lesser Caucasus. In the central part of the country is the Kura-Araz lowland, in the south-east - Lankaran lowland (Ministry of Culture and Tourism of Azerbaijan Republic, n.d.). Azerbaijan mostly is mountain country with the different and complex relief forms. Along with high mountain range there can be met plains, low-lands, depressions in this territory. The absolute height of the territory varies between 4480 m (major Caucasus, Bazarduzu) and -27 m (the present level of Caspian Sea), but the average height is 657 m.

Azerbaijan has clean and accessible water resources that are critical for every successful destination. Kur river is the main fresh water source and the artery of Azerbaijan. This river flows through the territory of Turkey, Georgia and Azerbaijan. From the tourism point of view there are several lakes and reservoirs that are used or have a potential for use as a tourist attraction.

“There are 450 lakes, the area of 10 of them is more than 10 sq. km. Tufangol is the highest mountain lake (3277 m) in the republic and it is situated in the Greater Caucasian range”. (Ministry of Ecology and Natural Recourses of Azerbaijan Republic - MENRAR, n.d.).

The most famous lakes among Azerbaijanis are Goygol and Maraljol scenic view of these lakes and their surroundings can be chosen as symbols of Azerbaijan's pure nature (or diverse nature) image. Mentioned lakes are part of Goygol national park that is situated in Lesser Caucasus.

Along with a landscape Azerbaijan is unique for its various climate and weather conditions that existed on its relatively small territory. Due to that country is situated in junction of mild and subtropical climate zones, and because of variety range of mountains we can observe different climate types in Azerbaijan. In the territory of Azerbaijan there are 8 out of 11 existing climate types, from semi deserts and arid grass lands to mountain tundra climate types (Köppen classification). The climatic and geographical diversity resulted in occurrence of variety range of flora and fauna species. In order to protect and manage country's rich biodiversity it was decided to create nine national parks up to now, namely Zangazur, Shirvan, Ag gol, Hirkan, Altiagac, Absheron, Shahdag, Goygol and Samur-Yalama.

According to (MENRAR, n.d.) currently there are also 11 state nature reserves and 24 sanctuaries which cover major ecosystems. These national reserves protect up to 4500 plant species (64% of all Caucasus species), 240 of them are endemics or relicts and 140 endangered species. Moreover, there exist 2083 centennial trees, 37 geological and paleontological sites and 15 thousand ha endemic and valuable forest lands in preserved areas. While a fauna of the country consisted of 107 mammals, 394 birds, 54 reptiles, 100 fish species etc., and 108 rarest of them are listed in the Red book of Azerbaijan and preserved in the protected areas. Specifically, Gobustan state historic-nature reserve and Baku Seaside Boulevard are among protected areas. To increase effectiveness of the reservation measures authorities plan to establish a new national park on the basis of Gizilagac state reserve that situated on the Caspian shore in Gizilagac bay (Lankaran district). This place encompass the territories inhabited by diverse fauna especially bird species. No doubt that forming the national park with this kind of favourable location will make a positive effect for eco-tourism development as well. Protected areas and sites are national wealth of Azerbaijan Republic and cover natural complexes having specific ecologic, scientific and aesthetic value.

According to ecotourism concept it is possible to maintain nature and local communities by choosing optimal and comparatively harmless interaction between nature and visitors of the protected areas. Authorities of Azerbaijan have willingness to establish and develop existed favourable conditions to expand ecotourism as it a part of sustainable development of the country.

According to (MENRAR, n.d.) “as a new form of tourism, ecotourism has been addressed in National Programme on Environmentally Sustainable Social-Economic Development which has been prepared by Ministry of Ecology and Natural Resources and approved by the President of the Republic of Azerbaijan. In this document the development and management of tourism infrastructure based on a minimum negative impact on the environment and sustainable development principles are taken as the main criteria”.

Therefore, in coming years it is expected to improve the approach of locals towards the nature in order to benefit both sides. As involving local communities in the conservation process will help to maintain financial needs of the people and make them environmentally aware, as well as support keeping the nature in safe.

Diverse landscape, flora and fauna are key elements in emphasizing Azerbaijan as a various nature destination. The natural beauties with potential of drawing tourists can be seen in different provinces of the country. Further will be discussed variety range of features that reflect Azerbaijan’s geology, flora and fauna. Eminov, (2010) mentions that the mountain peaks and variously shaped rocks are among features that has that attract tourists with its wonderful panoramic view. “Ilan Dag (Naxchivan) is a towering 2,415 metres of volcanic rock. have prominent shapes, clearly seen from the low-lying lands that surround them. Besh Barmaq Rock also juts up considerably higher than its surroundings. The rocks are polished and stand atop steep hillsides”.

Example of valley formed over millions of years by mountain rivers is Tanga that formed on the Tanga river. It flows through the Guba district that situated in in the north-east of the Great Caucasus (in Azerbaijani part). The valley itself has some 400-600 metres deep (Eminov, 2010). There is a waterfall in surroundings that along with forests that cover area form an outstanding view. Another place with a wonderful scenery is Padar which is especially beautiful in spring and autumn time. Eminov (2010) describes beauties of the Great Caucasus and highlights that: “as the Garamaryam ridge in the south of the Great Caucasus is perpendicular to the Girdimanchay valley, the river crosses it transversely in five places. The ridge is 25 km long, 6 km wide and 350-500 metres high. The valleys created by the river are called Padar penjereleri (Windows of Padar) or Padar Darvazalari (Gates of Padar)”.

The Azykh cave is hugely significant historically, culturally and archaeologically. It is situated in Karabagh district and belongs to the Jurassic period. “The cave has six chambers and is 250 m long and 20 m high” (Eminov , 2010). This cave is among the most ancient human habitats, and human traces as well as remains were found there. Eminov (2010) mentions also Keshikchidag cave that located in Agstafa region in the North west of the country. This place comprises of natural and several archaeological monuments. “Since 19 December 2007, the caves complex covering part of the Keshikchidagh chain has been the ‘Keshichidagh State Historical and Cultural Reserve’ (Eminov , 2010)”. Along with mentioned ones there also several caves that protected by the authorities as the natural monuments of Azerbaijan.

Azerbaijan is well known with its mud vulcanos, and 45 percent of all the World’s mud volcanoes are located in the country. They are spread across the Absheron peninsula, in Gobustan, in the South-eastern Shirvan plain and on the islands of the Baku archipelago. There are some fascinating sites that literally prove Azerbaijan’s “land of fire” slogan. They are Yanar Dag and Ateshgah that situated in Absheron region and in Baku respectively. Yanardag is the place with natural flame therein natural gas surfaces and burns, while Ateshgah was built as a temple for Zoroastrians where natural gas was also playing critical role as an attraction for pilgrims from abroad.

Duzdag - salt mine in Nakhichevan can be mentioned among natural monuments. Eminov (2010) mentions that “different types of salt that comes from the mine are perfect in respiratory illnesses treatment. The mountains of Azerbaijan are ideal place where several therapeutic mineral springs can be found. In most cases surroundings of the mineral springs form a place with outstanding natural beauty. The minerals (sulphur, carbon and nitrogenous gases) contained in the waters are beneficial in the treatment of gastrointestinal, cardiac, vascular, urological, skin and rheumatic diseases”.

The well-known mineral springs of Azerbaijan are Badamli and Sirab in Nakhchivan, Galaalti in Shabran, Turshsu in Shusha, Istisu in Kalbajar and Slavyanka in Gadabey. Only one of them – Galaalti mineral spring that located in

Shabran was recreational area and was functioning for a long time but now under reconstruction and modern type of spa-resort has been built. It is recognized by the scientists that mineral water of the spring is effective in treatment of different urological diseases. This brief review of common natural monuments and resources shows that Azerbaijan has lots of opportunities for tourism which would also be extremely beneficial both for visitors and locals.

3.2.2 Well-known Destinations in the Country

SHEKI

Sheki is one of the most ancient cities in Azerbaijan. It is situated in the north of the country and in the foot of the Caucasian mountains. Along with scenic views of the wonderful nature the district and its center Sheki city have several historical sites. Sheki is one of the most original places in the country. Because of its culture traditions and history the city become a hot spot for many tourists from every corner of the country as well as from abroad. The Palace of Sheki Khans (1762) – is the main historical attraction of Sheki and it is an example of national architecture traditions (MCTAR, n.d.). Mosaic that decorates windows is made in traditional way that called ‘shebeke’ from collared glass. Sheki is actually called the architectural reserve of the country. There are other important historical sightseeing as well: fortress ‘Gelersan – gerarsan’ dated by the XV-XVIII centuries; the Upper and Lower Caravanserais were centers where trader could take a break and relax during their travel along the ancient silk way. Nowadays, these Caravanserais (XVIII century) are also used as accommodation for visitors. The ancient Albanian Cristian temple in the village of Kish that dated the I-II centuries is among considerable reasons to visit the region. Finally, Sheki is an important cultural tourism destination of Azerbaijan. Featured cuisine samples namely Sheki baklavasi and soup ‘piti’, is among attributes that differentiate national culture and customs. The hospitality and high the sense of humour of its people make the travelling to the district unforgettable (author’s personal experience).

Sheki as well as the most of the regions of the country has huge potential for ecotourism. Hopefully one of the tourism types that follow ecotourism principles – horseback riding is practised now in Sheki. The Republican Center of Equestrian

Tourism of the Ministry of Culture and Tourism of Azerbaijan is located in one of the most beautiful places of Sheki (MCTAR, n.d.). Here held competitions on Chovqan game that is traditional horse riding game in Azerbaijan. Meanwhile, the game actually was inscribed in 2013 on the List of Intangible Cultural Heritage in Need of Urgent Safeguarding by UNESCO (UNESCO, 2013), so this fact highlights the importance of Sheki as a cultural tourism destination.

GABALA

One of the most significant historical sites of Azerbaijan is situated in Gabala district.

“Ruins of the ancient city of Kabalaka are in 15 km from the district center near the Chuxur Gabala village. This ancient settlement formerly played an important role in the region politics and economy moreover, was the capital of Caucasian Albania and already was existed in the I century” (MCTAR, n.d.).

The city along with other cities of Caucasus region has beneficial natural resources and the environment for tourism. From the city in clear weather, the highest top of Azerbaijan – Bazarduzu is easily observed. The main river of the district which plays significant role in forming of landscape is Demiraparanchay. Gabala is famous for its nut and chestnut grooves that grow on surrounding mountain slopes and present spectacular scenery. The age of some trees in the grove exceeds 500 years that makes them unique and extremely valuable (MCTAR, n.d.). Thus the slopes are ideal place for trekking in summer time. There are many historical monuments and temples in Gabala. Among them Caucasian Albania’s temple of IV century in Emli village, Ustajan tower of IX century, Mausoleum of XV and many others (MCTAR, n.d.). Due to many archaeological discoveries within district there is a must see Regional Historical Museum in Gabala. As mountainous province Gabala has a lot to offer for its visitors. One of the opportunities is winter tourism that provided in Tufandag Mountain resort. Pure white snow glittering in the sun, wisps of cloud catching the enigmatic peaks of the Caucasus is a description of Tufandag in Rafiyev’s article (visions.az, 2014). The resort is the second established skiing resort and the latest tourist attraction that opened in Azerbaijan. As Shahdag resort that is further in the north Tufandag offers touristic activities all year round.

There is also international music festival that held in Gabala every year. This includes classical music, jazz and mugham and participants come all around the Globe.

NABRAN

The most popular after Baku touristic area in the country is settlement of Nabran. The settlement is located in Khacmaz district in the north east of the country on the shore of Caspian Sea. The place especially crowded in summer time when tourists from neighbouring regions and Baku as well as from abroad (mostly from Russia) come to enjoy sea, sun and sand. Being located in a place with stunning views of forest, Caspian sea Nabran is an ideal place for sea resort. Although tourism infrastructure is quite developed, building or upgrading existing accommodation facilities here is ongoing process. The total number of places to stay in hotels, hostels and guest houses in the Khacmaz district increase over the years and as of 2013 counted 6437 beds (according to Azerbaijan Statistical Committee). As a main destination of Khacmaz is Nabran municipality, undoubtedly that vast majority of accommodation facilities located in Nabran. Among activities there are water parks, riding on scooters, 'bananas', paintball etc (MCTAR, n.d.).

Bars and discos create pleasant night life atmosphere that is quite unusual for most of Muslim countries. As in a whole Azerbaijan here in Nabran, there is a lack of yachting activities. Thus building marinas and then organizing boat trips would positively impact sea tourism and overall satisfaction level of holidaymakers. In order to enhance experience along with the activities that available in the destination it should be considered to offer trips to the neighbouring mountainous regions for example Guba, Shahdag and to the historical site like Derbent (one of the most ancient Azerbaijani city, nowadays the territory of Russian Federation).

SHAHDAG

Shahdag is one of the world's largest national parks (130508 ha) and one of the largest ski resorts in whole Caucasus region. Located at a 2500 metres above the sea level in Shahdag national park, the resort territorially is the part of north-eastern

province of Qusar. With a climate that ranges from -20°C in winter and 20°C in summer times this an ideal place year round tourism activities. The Shahdag Mountain Resort presents variety range of opportunities for different levels of experience. It is planned to build 19 ski slopes in total and along with skiing the resort also provide excellent opportunities for snowboarding, snow tubing, snow sliding, snow mobiling, quad biking, and for children - snow park, bouncy castles. Shahdag resort also provides spa facilities that can add value to the gained experience. In contrast during the summer period marvellous scenery of the mountain rivers, canyons and forests and existing of rich fauna open advantageous conditions for trekking , horse riding, paintballing, kayaking, canyoning, mountain biking, and lots of others. Visitors able to select different accommodation types here which are ranging from luxury hotels to cottages and camping facilities in the summer (MCTAR n.d.).

MASALLI

Masalli among the most visited provinces of Azerbaijan. Over the past years several accommodation facilities hotels, guest houses have been built in the district. Nowadays Masalli held the 4th position in terms of total overnight stays among the country's destinations (Azerbaijan State Statistical Committee - AZSAT, 2013). The province is located in the south of the country (270 from Baku). The main highway from Baku to the Iran passes through the district that makes the region advantageous for inbound tourism from the neighbouring country. Masalli is a unique place where different touristic zones can be found. The region firstly well-known for its thermal springs like Istisu (literally "hot water") which is a popular destination for medical tourism.

According to (MCTAR n.d.) “it is especially helpful in treatment of rheumatism and other musculoskeletal as well as skin diseases. Several rest houses, cottages and campgrounds are built around the source. Part of the thermal spring water flows into a small river, making a kind of contrast baths for campers”.

The second advantage of the region is its location on the coast of the Caspian Sea where water tourism can be prosperously developed. One of the boundaries of

this area is the – Talish Mountains. The mountains have one of the best sceneries in the country with diverse lakes, rivers waterfalls etc.

“The forests which are inhabited by the various animals and rare woods such as beech, hornbeam, ironwood, alder, and oak. This is an ideal place for ecotourism. From the other side sustainable tourism that involves local community is also existed in frames of production and selling for tourists traditional crafts such as braided mats, shawls, a variety of pottery, carpets, socks, gloves, decorated with national ornaments, and wooden crafts with national ornaments” (MCTAR n.d.).

Currently available activities in the district - excursions to the historical sites of the region, horseback riding and camel trekking in picturesque areas, fishing and picnic in the wood next to the river or lake are mostly available in summer period when many tourists come to enjoy the nature.

NAFTALAN

Naftalan is a famous from the Soviet era as a spa resort and the center of medical tourism of Azerbaijan. There is a unique naftalan oil in Naftalan that has no analogues in the world. It is a viscous liquid with distinguished black-brown and brown color and a specific odor. According to AzStat (2013) nowadays the city is the 3rd destination in the country in terms of overnight stays (56614). It is situated 50 km away from Ganja, which is the largest city of Azerbaijan after the capital Baku. Naftalan oil is has unique efficiency in treatment several diseases and the resort is a popular place for medical tourism almost for hundred years. According to MCTAR (n.d.):

“The curative naftalan oil in the combination with other methods of recreational therapy and natural factors (favourable environmental conditions and clean pine air) is very helpful in the treatment of musculoskeletal system diseases, as well as neurological, urological, gynaecological, skin and other diseases of adults and children”.

Naftalan today is a modern recreation center, with quality service, Azerbaijani hospitality and affordable prices in comparison to other destinations within the country. According to MCTAR (n.d.) “as a part of a large state program of Naftalan’s recovery, there has been built four sanatoriums of European standards

in the city and three more are in the process of construction. Modern resorts and hotels in Naftalan are equipped in accordance with the latest trends of the hospitality industry, they also have different choices of dining facilities with variety range of food and drinks selection”. While staying in Naftalan it is also worth to visit nearby tourists attractions in Gandja, Hacikend area. Being in Naftalan contributes not only for good health but also emotional experience.

GUBA

Guba is a province between two popular tourism destinations of the country Shahdag and Nabran. Thus tourists from both resorts can be attracted by natural monuments, a traditional crafting and weaving that existed in Guba. Additionally, proximity to mentioned destinations is an advantage to choosing accommodation here within the province as it allows combining experience and enjoying variety range of recreation facilities in this part of the country. Because of the territory of Guba district is bordered by the Caucasian mountains the landscape here is picturesque. There are variety range of places with natural attractions in the province: Balbulag, Gizbanovsha, Gachresh and Tangaalti Gorge at the depth of 400- 600 meters , the Afurja waterfall near Afurja village, cascades for 60 m (MCTAR, n.d.). The latter one has been included in the natural monuments of Azerbaijan. Another waterfall is unique Pirbanovsha where the water created graceful natural sculptures (Eminov, 2010).

There are two artificial lakes as well in the district. The district has rich flora and fauna thus there is good conditions for hunting and fishing. Guba is famous for its apple gardens, and every autumn Apple Festival is celebrated there. According to (MCTAR, n.d.):

“thermal springs with medicinal features on Hashichay River are also available. In Tangaalti gorge there is a possibility for bird watching as colony of white-haired vultures - eagles written in the Red Book of Azerbaijan live here. Several historical sites including ones that survived since Shirvanshahs period can be visited. Guba has center of the carpet weaving. The district has reach traditions of carpet weaving and several examples are kept in private collections or in the museums (like ‘Metropolitan’ New York)”.

Khinalig is one of the most important components of the bright and picturesque image of Guba district. This Alpine village is situated at the height of 2500 m above the sea level. There are about 380 houses that are 200-300 years old. This is an authentic place to visit and meet the people that have their own language, old traditions and customs (MCTAR, n.d.).

BAKU

Baku as an economic and political capital is a most visited destination in Azerbaijan. Its architecture reflects different periods of history from ancient time buildings to today's modern constructions. First in the list of must see places of Baku is Icheri sheher – inner city. This is a historical center of the capital. It represents cultural heritage, traditions of Azerbaijanis.

“Icheri Sheher got its name following the economic development of the 19th century. As the oil industry developed in Baku, the city expanded beyond the fortress walls, so there became an inner and an outer city. The inner city is still a living organism with an infrastructure and is home to 1300 families” (Quliyeva, 2011).

According to archaeological discoveries (by Quliyeva, 2011) the territory of Icheri sheher was an ancient place that recognized by many cultures and was a antique settlement which has trade relations with other nations. In 2000, UNESCO added “Icheri Sheher”, Maiden Tower and the Shirvanshahs’ complex, to the World Cultural Heritage list as a historical-architectural reserve is under protection.

“Baku’s Maiden Tower is built in cylindrical form on a great rock, sloping towards the sea. The tower is 31 m. high on the north side and 28 m. on the south. The walls are 5m. thick on the lower part and 4 m. on the upper. There is a water well 13.5 m. deep within the walls, opening on the third floor, against the wall there is a sewage line from the upper floor; it consists of connected bronze pipes” (Quliyeva 2011).

Another historical site is Shirvanshahs’ palace. It was constructed when the Shirvan province was ruled by the respective dynasty in XIV century. Moreover, Baku was

the capital of this Azerbaijani state in middle ages. There are also different modern buildings and several historical museums that worth to see in Baku.

3.2.3 Undiscovered Destinations with Tourism Potential

Taking into consideration geographical proximity and location of the following districts of Shamakhi, Ismayilli, Gabala, Sheki, Gakh, Zaqatala and Balakan that situated on the north and north-west of the country it would be more efficient to consolidate them and promote in Azerbaijan under the same umbrella brand of Greater Caucasus.

GAKH

Gakh province is situated in the northern - west side of Azerbaijan and bordered with Georgia. There are many potentially interesting places for tourists in the district, such as waterfall, rivers, lakes and forests. Gakh is home to many rare species that protected in Ilusu state reserve. Ilisu village located on the slopes of Caucasus, amazing landscape of which causes for extraordinary interest. Thermal mineral water springs and waterfall are in the surroundings of the around the village. Mineral water springs was a reason of creation a resort here in the district. There also places which are ideally fit for hunting and fishing on the territory of Gakh. In Gakh area there were still exist many historical monuments, ruins of fortresses. In Illis village there is preserved 4- angled 10 meter guarding tower (XIV century) and Sumug fortress in the center of which there is mosque standing (MCTAR n.d.).

ISMAYILLI

Ismayilli has variety range historical, natural, cultural sites to present for its visitors. This province historically was the center of Caucasian Albania. Thus till now there could be found some archaeological proofs of the former glory. According to MCTAR (n.d.) On the left bank of Girdimanchay river there are ruins of medieval fortress (VII century). Another important monument of the area is Khanagah Maiden

Tower (VII-XII centuries) that is located on the top of steep mountain. It is the fact that Ismayilli has very rich wildlife that is favourable for hunting tourism.

The Alpine settlement Lahij located in Ismayilli region of Azerbaijan is an original monument of antique urban and architectural art. This medieval town with cobbled streets and squares is one of the most famous craft and trading centers in the Caucasus and beyond (MCTAR n.d.). The very first residential site in Lahij is dated by III-IV centuries. The settlement has its own water supply and sewage system that operates for almost half thousand years. Nowadays it a lovely place for tourist where they can obtain traditional craft exemplars. Lahij is a well-known destination within the country and the original appearance of the settlement preserved by the state. The village Basqal is another ancient place of the region. The natural conditions and the environment of antiquity create a special atmosphere here. Basqal was formerly one of the centers of crafts and silk. Nowadays there are some workshops where tourists can experience these ancient traditions.

SHAMAKHI

Shamakha is another ancient place and former capital of Shirvanshah's state. The ancient city founded in the V century BC. The rich nature is a perfect place for vacationers to spend their time with pleasure. The settlement Pirquli (1400 m above sea level) is a main tourist attraction of the district, and the place called "Girkh-Bulag" ("Forty Springs") with lots of water springs also situated here. In order to protect mentioned area the reserve Pirkuli was created. However, the district has got significant opportunities for ecotourism. Shemakha district is interesting not only for its rich nature but for an ancient history as well. Despite the numerous earthquakes in Shemakha there are many historical monuments still preserved: the Juma mosque with two minarets (743rd year), the mausoleum Shahihandan (XV century), the tomb of Shirvan Khans – mausoleum Yeddi Gumbez (Seven Domes) (XVIII-XIX centuries), the ruins of the Gulistan citadel (XI-XIII centuries) (MCTAR, n.d.).

Today Shemakhi is also a recognized center of wine-making and carpet weaving. The province has got rich traditions that come from the heritage of ancient states that was formerly prospered here. Thus visiting this province strengthens the emotions of and allows tourists properly feel Azerbaijan's uniqueness.

NAKHCHIVAN

Batabat Lake is in the Shahbuz district of the AR of Nakhchivan is one of the places in Azerbaijan with undiscovered potential for tourists. The climate and natural conditions are favourable for tourism development here. Natural forests and fresh water springs create unique natural atmosphere that can be adapted for spa and recreation areas. Conditions in Batabat are very favourable for the treatment of cardiac diseases and diseases of the nervous system (Eminov, 2010).

The potential of the southern provinces of Azerbaijan is quite big. Along with Masalli where recreation facilities are comparatively developed (but still need considerable amount of investments) districts Lankaran, Lerik, Yardimli and Astara can be favourite places among travellers in the country. Additionally, the resources of Hirkan national park can be used for ecotourism activities.

There is a need of government support for the sector. Government should encourage business to build new facilities, and encourage citizens to travel within the country by providing financial aid to the determined population groups. Along with efforts to increase the demand, there is a need for incentive of small and medium-sized enterprises to invest into the sector.

3.2.4 Azerbaijan's Tourism in Figures From Past Till Now

Caucasus region as a part of both Asia and Europe was playing significant role in international trade for a centuries. Many caravans passed through this region in their way to the final destinations. Azerbaijan as a part of this region was also a hub for traders from variety range of countries and nations. The ancient cities of Azerbaijan Barda, Beylagan, Derbend, Gabala, Sheki, Tabriz (nowadays Iran), Shamakhi was on the route of ancient merchants. Later in middle ages Baku become an important city on the marine (Caspian Sea) and surface routes from the East to Russia. In the early medieval period and later, the Great Silk Road was a key economic factor connecting the empires of China, Byzantium and the Arab Caliphate, and dozens of countries that fell within the spheres of influence of these empires (Aliyarli, 2009).

Accordingly, many merchants were visiting also Azerbaijani cities for doing trade. As a result number of caravanserais (ancient eastern accommodations) in the country was considerably growing. That was proven by historians and traveller for example Multani in XII, Marco Polo in XIII, Bukhari in XIV and many others who conducted their travel notes in Azerbaijan's cities (Aliyarli, 2009). The using of caravanserais to accommodate guests was a primary forms of hospitality and tourism in Azerbaijan's history. The process was continued until the XIX century. in the end of XIX and the beginning of XX centuries the scientific and amateur societies (Geographical society, society of lovers of nature, people's universities society and others) were created which were the first societies that involved in tourism activities (MCTAR, n.d.).

According to the official data of MCTAR, (n.d.) in 1908 the branch of the Crimea-Caucasus mountain club was opened in Baku and this club which was arranging remote and close excursion is considered as a starting point of organized tourism in Azerbaijan. During the early years of the Soviet era specifically in 1922 the first excursion circles were created in Baku. Excursions mainly used for acquaintances of workers working in the factory, plants and oil fields with other industrial sectors. In summer period recreation excursions were arranged to the Caspian coasts in Mardakan, Shuvalan, Buzovna, Turkan, Zig, Artyom Island and Shykh strip. In 1929 the main tourism establishment in USSR became "Proletariat Tourism Society" which opened one of its sections in Baku. Since 1935 the authorities decided to implement some measures for improvement in country's tourism services. Among measures opening of the District council of tourism authorities in Ganja, three tourist houses that were taken in leasing in Hajikend (Goygol) and the camp with the capacity of 20 beds was established in Goygol. Several activities such as horse riding and cycling were offered in order to enhance the positive experience of visitors. The World War II and its consequences delayed development of tourism for a long period. Only in 1950s several tourism centers have been established in Baku, Mingechevir, Hajikend and Zagatala and the tourism development have been started again. The new tourist centers opened in Shusha and Goygol in 1960. In order to organize vocations of workers "Sputnik" camping center and 'Khazar' tourist center were established in Nabran on the shore of Caspian sea. The workers only could obtain travelling vouchers through trade unions. In 1960s

several recreation centers and excursion bureaus were opened in Baku, Ganja, Naftalan and Mardakan.

According to the tourism authorities (MCTAR, n.d.) the period 1970 - 1987 are characterized by the development of social tourism perspective in the country. In order to expand material - technical base for foreign tourism in 1973 the largest hotel complex in the Republic of Azerbaijan hotel "Azerbaijan" was put into operation in Baku with 1942 beds. In 1978 the 200 beds comfortable "Moscow" Hotel has been added to the structure of "Intourist" joint-stock company. In 1983 the authorities decide creation of new resort zones on the shores of the Caspian Sea of Azerbaijan. As a consequence, the program of tourism development in Azerbaijan republic was adopted (MCTAR, n.d.).

The development of tourism and recreation sector of Azerbaijan's economy was until 1988. In this year the conflict with separatists began in Azerbaijani territories in Karabakh region. Additionally Azerbaijani minorities were driven away from Armenia. Consequently, by the decision of the authorities most of the tourism centers in Azerbaijan's regions were given to the refugees as a shelter. Only by the end of 1990s the tourism sector as the country's economy as a whole have been started to recover after the conflict.

In recent years there were considerable growth in Azerbaijan's tourism and hospitality sector. Especially growth that has been seen in the last 5 years (data available between 2009 and 2014) is more significant for the research. One of the main characteristics of the hospitality and tourism is the capacity of the accommodation facilities or in other words number of beds. As can be seen from the statistics there is a need in expansion of hotel establishments in the country and number of beds in first phase should be risen up to 300-400 thousands like in Bulgaria (302.000) or in Hungary (422.000) as this countries have approximately same size of territory and population with Azerbaijan (Eurostat, 2014). Thus a lot of efforts need to be done from this aspect.

To analyse the trends within Azerbaijan's tourism sector the author examines four major tourism destinations according to the latest available statistics. These are the cities of Baku and Naftalan as well as the districts Khacmaz and Masalli. As we can see from the bar chart below the most considerable increase in the hospitality

sector's capacity can be observed in Baku. More than a half of the new accommodation places were established in the capital city. Among the provinces Khachmaz has a highest increase between 2009 and 2014. However Naftalan has a decrease that is more than two times from 3590 to 1203.

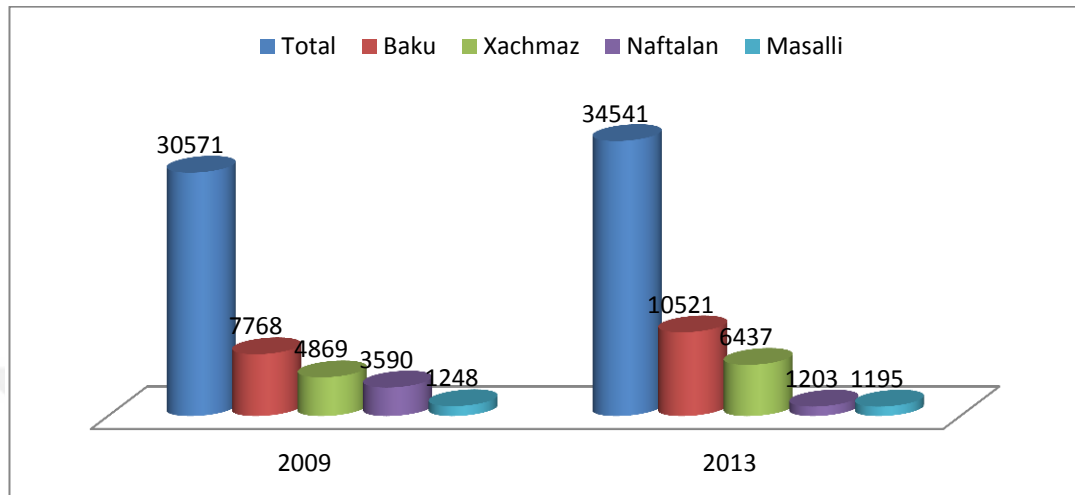


Figure 3.2 Number of beds in the country (data: Azerbaijan State Statistical Committee)

It should be mentioned that some of existed before accommodation facilities in Naftalan are under reconstruction or capital repair process. The last province Masalli has also decrease in its hotels' capacity but it is not significant. Additionally need to be mentioned that there are lots of natural opportunities for development of hospitality business in Masalli.

One of the main indicators of tourism sector is overnight stays. Total overnight stays in Azerbaijan are comparatively less than in European Union area. To make an objective comparison, the author of this study considers up to date data of overnights stays in European countries. For example in Bulgaria the number of overnight stays in 2013 was 21.6 million, and in Hungary the number was 24.4 (Eurostat, 2014). Tourism intensity (guest nights/inhabitants) in Azerbaijan is less than 1 however in Hungary the number is around 3, and European average is 5 (according to Eurostat, 2014). Among country's destinations three out of four places that are considered here namely Baku, Khacmaz and Naftalan have an increase in total overnight stays between 2009 and 2013. The most rapid increase can be observed in Naftalan herein the number of overnight stays climbed from 6667 to 56614.

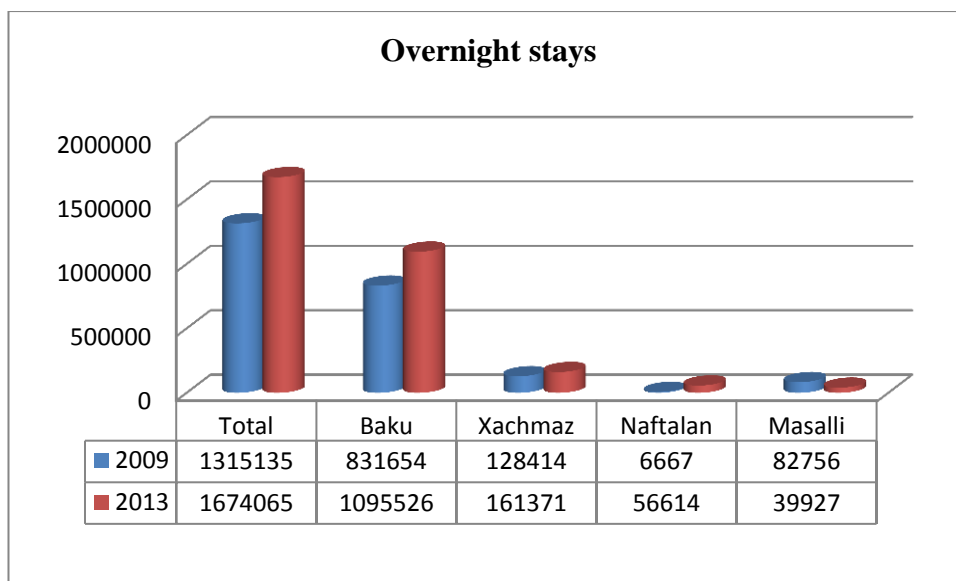


Figure 3.3 Overnight stays in the accommodation facilities (data: Azerbaijan State Statistical Committee)

This spa resort where unique Naftalan oil used for healing purposes is under development, and well organized promotion campaign in neighbouring regions can positively influence the prosperity of medical tourism here. In contrast we can see that in Masalli number of overnight stays dropped more than 2 times. Unfortunately recent years this southern region has a lack of promotion and investments for maintenance of existed facilities and establishing the new ones. Because of the mentioned reasons half of the tourists have chosen other destinations either within country or abroad, among other reasons is choosing private apartments to stay.

To properly analyse current development of Azerbaijan's tourism industry the author also takes into consideration visitor numbers and overnight stays data. Thus, according to State statistical committee there is an increase in foreign visitors' numbers in last five years (2009-2013). It is need to be mentioned that from total 2.508.904 (2013) number of foreign visitors that passed through the country's borders the hospitality sector could benefit only from 821.552 (2013) foreign overnight stays. The reasons of such a low number of the nights spent by foreign residents in country's hotel establishments are different. Part of the foreigners is ethnic Azerbaijanis that come to see their relatives thus they stay at their houses. Other part for example Georgian citizens Azerbaijani origin who works in Azerbaijan or realize some profit through trans-border trade.

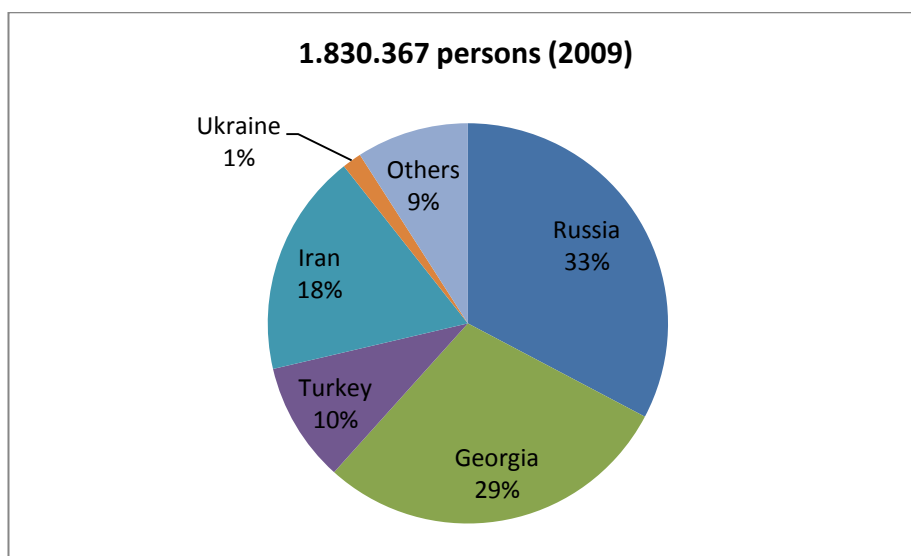


Figure 3.4 Share of foreign visitors by countries in 2009 (data: Azerbaijan State Statistical Committee)

Another reason for such an inappropriate numbers is comparatively high accommodation prices in hotels, so, visitors prefer to rent private residences and in majority of cases it is impossible to track (no control on accommodations rental) the number of visitors that stays in the mentioned private accommodations. Thus some part of nights spent is out of statistical data.

In 2009, one third of foreign visitors who passed through borders were from Russia however only 9 % of total nights were spent by Russian residents in hotel establishments. Not surprisingly overnight stays of Turkish residents were 18% percent in 2009. It is due to business trips and growing number of leisure tourists from this neighbouring country. Consequently as a result in 2013 we can observe a slight increase in numbers of tourists from Turkey. On the other hand we can see in the pie chart of overnight stays (2009) the UK and the USA with 12% and 4% respectively that could not be expected from the previous share of foreign visitors' data. But considering the fact that 45% of accommodated foreign visitors came for business trips in 2009 (Azerbaijan State statistical committee, 2014) so it is clarify the picture and define why the UK the main partner of Azerbaijan in oil industry is ranked 2nd in top source countries of nights spent.

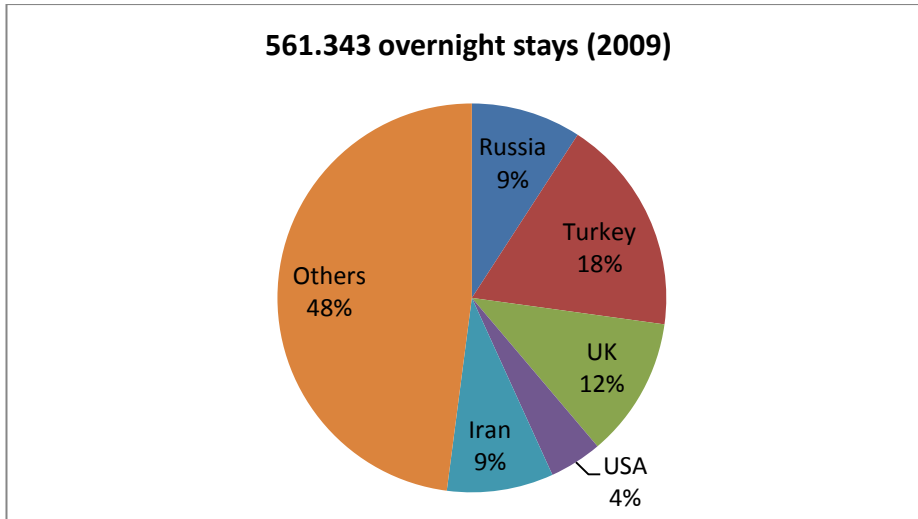


Figure 3.5 Share of overnight stays by countries in 2009 (data: Azerbaijan State Statistical Committee)

The share of overnight stays that generated by leisure tourists increased up to 60% in 2013 (Azerbaijan State statistical committee, 2014). In this year number of tourists from Russia – the main visitor source country (36%) that stayed in hotel establishments increased more than twice from 51.411 to 113.205. However there is a declining trend in the Iranian incoming tourists' numbers, there is a decrease in both numbers of visitors that passed through borders and the numbers of overnight stays.

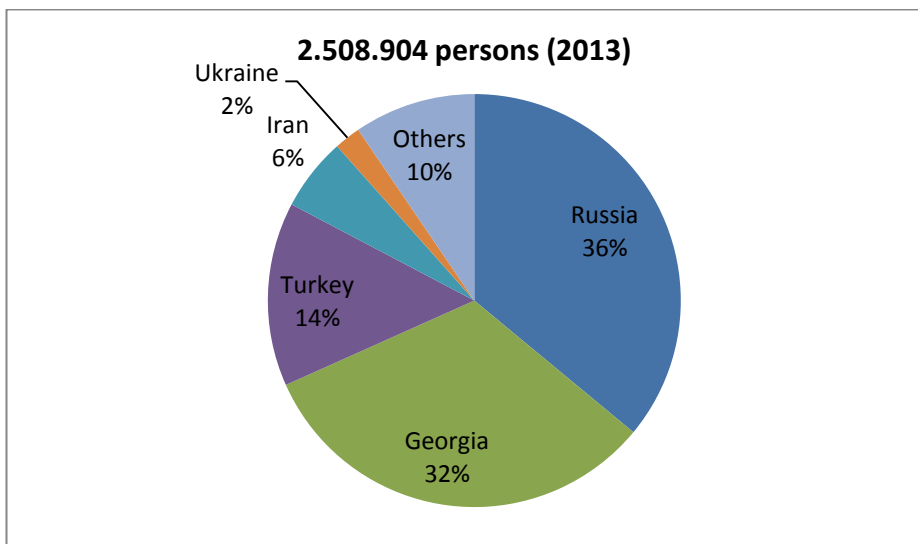


Figure 3.6 Share of foreign visitors by countries in 2013 (data: Azerbaijan State Statistical Committee)

It is due to the devaluation of Iranian national currency Rial while the prices in Azerbaijan almost remained the same in last five years (2009-2013).

The share of nights spent in hotels by tourists from the UK and the USA increased to 13% and 7% respectively. It shows that the interest in visiting of destination Azerbaijan from the overseas markets is growing as from neighbouring ones.

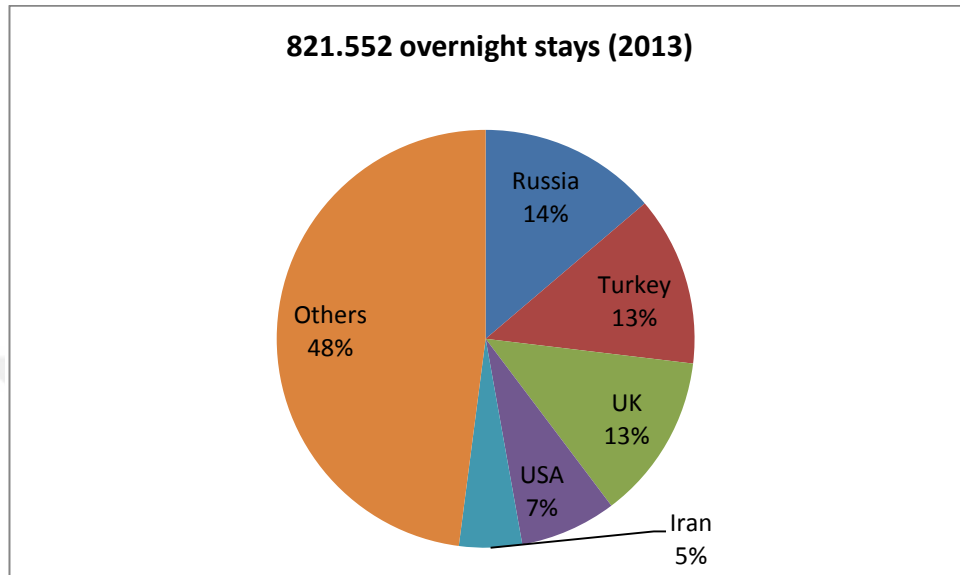


Figure 3.7 Share of overnight stays by countries in 2013 (data: Azerbaijan State Statistical Committee)

The share of Turkey in generating overnight stays in Azerbaijan declined from 18% to 13% despite the fact that actual numbers grew from 101.125 to 107.740. The trend of nights spent in accommodation establishments rose by 68 % in last 5 years.

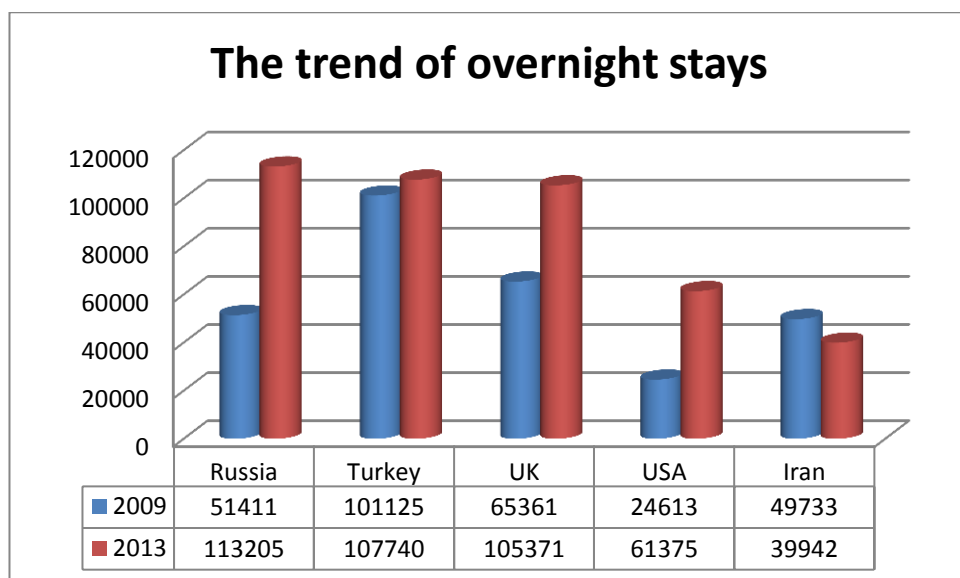


Figure 3.8 Overnights stays by countries of origin (data: Azerbaijan State Statistical Committee)

It shows that marketing efforts that carried out by tourism authorities are quite effective. However, prices for accommodation facilities are still more expensive than in similar destinations. Another factor that prevents travellers from visiting Azerbaijan is a limited (in comparison with European countries) choice of accommodation places. From this aspect lots need to be done for tourism development in the country.

Recent report (2013) by the World Economic Forum ranks Azerbaijan 78th among 140 countries in the Travel & Tourism Competitiveness Index. In this report (2013) Azerbaijan ranked 46th among 140 countries on T&T Regulatory Framework, 87th on business and environment infrastructure and 96th on T&T human, cultural and natural resources. Some of the indicators can definitely reflect the reality like tourism infrastructure (109) and air transport infrastructure (83), unfortunately current situation in the mentioned fields are not on desirable level. However other indicators are less reliable as human, cultural and natural resources. No doubt that if country's heritage and natural features could be evaluated in an appropriate way, it would take higher ranks in the report. Especially natural (85th) and cultural (110th) resources are ranked irrelevantly (the author's view). It seems that the authors of mentioned report have not taken into consideration Azerbaijani rich cultural heritage and its various natural resources.

In contrast to the observed indicators Azerbaijan's tourism sector has considerable achievements in terms of profitability. According to the World Bank data (Worldbank, 2013) and World Travel and Tourism council report (2014) the visitors exports (foreign visitor expenditure) to Azerbaijan increased more than 6 times from USD 545 M to USD 2.716 BN in last 5 years (2009-2013). Consequently, the profits of hospitality and tourism establishments tripled in 2013 comparing to 2006, and because of the mentioned results the World Tourism Organization places Azerbaijan 2nd in the world on the growth of tourist inflow in percentage ratio (Azpromo, 2014). Development of tourism sector is one of the main objectives of Azerbaijani government towards diversification of the economy, and decreasing dependence on the oil industry. In order to achieve these goals the Ministry of Culture and Tourism implements appropriate policy by initiating promotional activities, coordinating and controlling the industry.

3.2.5 Segmentation and Targeting for Destination Azerbaijan

DMOs need to expect the number of visitors that destination can accept and implement marketing strategies which based on this prediction. Consequently it is essential to have a clear picture of destination Azerbaijan's target audience. According to Kotler et. al (2003:730) we can identify Azerbaijan's natural target market also through observations of the logically hypothetic target market and trends in competitors' destinations. On the other hand, annual report of (UNWTO, 2014) shows that "most tourists visit destinations within their own region, with about four out of five worldwide arrivals originating from the same region". From the same report it can be seen that Russia holds 4th place among top spenders in international tourism, this fact also highlights importance of regional tourism market for destination Azerbaijan. Thus, geographically close countries such as Russia, Turkey, Iran and Ukraine should be chosen as Azerbaijan's primary target markets.

Along with geographical proximity there is also cultural identity - additional pull factor for destinations. Travelling with the purpose to see traditions of the neighbouring countries is attractive, cultural identity can be similar or completely different to the countries of tourist origin . For example many of Turks is keen on to see Azerbaijan the country where population speaks Turkish language and the place has original Eastern heritage, traditions along with western cultural elements and in addition it is a neighbour. Taking into consideration mentioned outcomes it is rational to choose regional markets as the main target. Moreover, despite being in recession and economic downturn, Russia remains as the main potential target market. Other countries with significant market size are Turkey, Iran and Ukraine (after war).

For prosperous development of the destination it is essential to attract travellers with higher spending resources. Now, it is obvious that tourism authorities in Azerbaijan try to serve for luxury tourism consumers. According to Kotler's (2003:735) classification of tourists segments, visitors of Azerbaijan belong to explorers (independent traveller) that plan their own itineraries and mostly don't use services provided by travel agencies. Another group of tourists that occur in the country are drifters. They rarely stay in a traditional hotel and prefer to stay at youth

hostels with friends or spend nights in a camp. There are also considerable numbers of visitors that come to the country especially to Baku for MICE tourism. However, in order to increase tourism share in the country's GDP and gain more profit from tourism, destination Azerbaijan marketers need to target mass tourist segment. Nowadays Azerbaijan seen as an unspoiled destination and that attracts actually small groups of tourists.

3.2.6 Destination Azerbaijan: SWOT Analysis

In order to investigate the current situation, potential and risks of the destination a SWOT analysis has been realized by the author which defines the strength, weaknesses, opportunities and threats of the destination Azerbaijan.

Strengths

- *MICE tourism* – Azerbaijan belongs to west and east in the same time. It is the part of Muslim World but also country is the part of modern World and shares Western World-European values. As a consequence, Baku as a capital of Azerbaijan is a venue for varied European, Islamic and Global scale events. For instance: Capital of Islamic culture events and conferences 2009, Baku International Humanitarian forum so-called 'intellectual Davos' which held since 2011, Eurovision 2012 song competition and variety range of sport events.
- *Cultural and historic attractions*: due to its location Azerbaijani culture is a mixture of eastern and western traditions. Rapport and tolerance between civilizations is one of the key factors which help for successful developing of tourism. One of the well-known cultural features of the country is ancient hand crafting culture and carpets which several examples represent country all over the World. One of them is 'Sheikh Safi' carpet which was woven in Tabriz in 1539, the carpet of 56,12 sq.m. size is stored in "Victoria and Albert" Museum in London. There is a traditional music- Azerbaijani mugham which recognized as intangible heritage of humanity and distinguishes the country in the region. It helps to attract tourist from neighbouring countries and regions. Especially Iranian tourists come to see annual Mugham competition in Mugham center in Baku.

- *Generous national cuisine:* Azerbaijan historically is well known for its centenarians. As we know well-being depends not only on good living conditions but mainly on organic and balanced food. Most of the people who visits the country or tried national food abroad share their positive impressions and desire to visit the place of origin of this cuisine.

Weaknesses

- There is no efficient marketing campaign that targets main neighbouring markets- Russia, Turkey and Iran.
- Expensive flight tickets to and from Azerbaijan. Here attention should be attracted on AZAL's (Azerbaijan Airlines CJSC) activity, which business goals do not take into consideration country's efforts for inbound tourism development. Contrarily, as an operator of national airlines and airports this company have to play important role in popularizing Azerbaijan as a destination.
- Limited choice of 3, 4 star hotels and low budget accommodations (according to the Azerbaijan State Statistical committee).
- Visa policy does not help to increase international arrivals while Turkish citizens can obtain visa at the airport upon arrival, Iranian citizens even have to apply for a visa at the consulates. However, it is advantageous that for Russia and other CIS member countries' citizens visa is not required.
- Showing no efforts to enter into markets such as Ukraine (before conflict situation), Belorussia and Kazakhstan where population is familiar with Azerbaijan's distinguishing features.
- Azerbaijan's online promotion activities are mainly based on the website "Azerbaijan.travel". This is well organized and informative tool for potential tourists, however, there is also the weakness of this website, it does not support mobile devices. Using or developing the search engine marketing strategies is also the task that needs to be taken into consideration.

Opportunities

- The largest lake in the World; The highest mountains of Europe; 8 out of 11 climate zones which create perfect conditions for diverse nature; Various types of natural magnificent landscapes are attracting tourists.
- Beneficial location which is on crossroads of East and West, North and South so, no wonder that Azerbaijan is the country where historical Silk-road had been passing. This advantageous location can be used in order to attract more tourists especially from neighbouring countries.
- Sport tourism – 1st European Games 2015; Formula 1 European grand prix 2016; Chess Olympiad 2016; Islamic Solidarity Games 2017; UEFA EURO 2020 are going to be held in Baku. It is an excellent opportunity to strengthen brand of Baku and country as a destination.
- Spa and medical tourism is in its developing phase and has all chances to be one of the most important and beneficial spheres in Azerbaijan's economy. Naftalan, Galaalti, Naxchivan among the places which can expand country's image as a spa tourism destination and attract additional tourist flow from neighbouring countries. Among them Naftalan is special. This destination has been famous for its unique treatment with crude oil during Soviet period and tourists from Russia, Ukraine etc. tend to repeat their wow experience again.
- Historical sites such as Gobustan rock paintings, ancient 8th century Juma Mosque in Shamakhi can be better promoted as historical sites and as a result bring more visitors to the country.
- Country has got considerable ecotourism potential - National Parks for instance Shahdag situated in magnificent Greater Caucasus have rich flora and fauna also Kizilgach- which is birds' paradise both of them are not far from Baku.
- New destination and touristic routes can be developed within the country, and promoted in target markets as well as within the country. For example Lankaran – Astara region has still undiscovered recreational potential with its outstanding natural landscape and favourable weather conditions. The region with its warm water, calm and less windy weather as well as magnificent

nature can be developed as a perfect place for summer vacations. Dergahov (2003, p37) in his work particularly indicates advantageous(in terms of sea tourism) weather conditions that has the mentioned Southern region of the country. This destination is also matches in terms of accessibility for incoming tourists as it has direct border with Iran.

- There are perfect weather conditions for water sports such as windsurfing and yachting in the north of Absheron peninsula
- Taking into consideration all mentioned possibilities for tourism development, country's "Sense of place" is recognizable as - "diverse nature" and it should be implemented for further branding and marketing campaigns.

Threats

- Unstable situation in the Karabakh region.
- Economic recession and downturn in Russia and Iran – the main tourist origin countries for Azerbaijan.

3.2.7 Developing Destination Azerbaijan and Sustainability Aspect

According to the UNWTO (2005) sustainable tourism may be defined as: "Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities". Sustainable tourism to some extent related with the term ecotourism and responsible tourism. Therefore it is important to achieve the reduction of environmental pressures and environmental balance in the host communities. Other aspects here are supplying economic development and maintaining socio-cultural environment in local communities. Thus it is essential to ensure that neither the natural environment, nor the socio-cultural values of the host communities will be negatively influenced by the tourists flow (Bramwell, 2004:281).

Sustainability also means that companies and communities within destination can gain something from tourism. Every sustainable tourism strategy that can be

away from mass tourism and which applies new forms of tourism is desirable, because it can increase sustainability of the destinations. The local and national government as well as tourism private sector should consolidate their efforts in order to reduce environmental impacts of tourism related activities. For example tourism authorities can convince the hotels to use water and energy resources efficiently through determining special prizes or even designing incentive program for companies that effectively implement policy of economical using of resources. Also steps need to be taken to persuade private sector to use non-chloride cleaning products in order to reduce toxic wastes as well as to reduce solid wastes, etc.

On the other hand, regional or other appropriate authorities should be involved in the process of environmental protection in tourism. Particularly it is important to build sewerage systems in tourism areas in order to decrease water and land pollution. For instance such environmental protection implemented in Shahdag tourism center that is situated in Shahdag national park (Qusar, Azerbaijan). However it is vital as well to reduce sea pollution in existed destinations which are situated on the coast of Caspian.

Another key aspect here is special interest tourism. Economic benefits that can be earned through this tourism forms are bigger, but it is not to same extent beneficial in terms of environmental protection. Meetings, incentives, conferences and exhibitions tourism is essential from this context. This type of tourism is not that much environmentally friendly because of low consumption of local products and lack of connection with local culture (Bramwell, 2004, p.283). In case of Azerbaijan this type of tourism widely used to increase sustainability of tourism industry. For example along with Baku, the city called Gabala which is well-known in Azerbaijan for outstanding mountain landscape is also a place for many events throughout the year.

It is worth to enhance the development maritime tourism in the Caspian Sea. There several islands around Abseron peninsula that can be interesting for visiting. It is also possible to construct some marinas to increase yacht accommodation and persuade business to organize boat trips and yacht tours between Baku and different regions on the coast. Moreover, it would be beneficial in terms of tourism diversification to establish a connection between northern regions and the southern part of Azerbaijan's coast of the Caspian Sea namely Nabran-Abseron- Lankaran. No

doubt that developing maritime tourism can bring several advantages for sustainable development. Thus, drawing more tourists that interested in maritime, water tourism into new destinations within the country helps for diversification of tourism development. Accordingly it is expected to form new interest in tourism through revealing areas (for example Kizilagac gulf for bird watching) that was previously unavailable for tourists. Specifying these new areas and developing marine tourism can be helpful for sustainable development of Azerbaijan's tourism.

Despite having perfect water and weather conditions for water/wind sports this type of tourism have not been developed yet in Azerbaijan. Indeed, potentially it is possible to organize maritime events for example yacht sailing races, either arrange places for windsurfing, kitesurfing, paragliding in the northern part of Caspian coastline. According to Dergahov (2003:36) there are appropriate weather conditions especially in Yashma area, and in the north of Absheron peninsula for implementing such efforts.

The potential of health tourism can be also used to increase sustainability of tourism development. This form is based on the great number of hot springs (spas) across the territory of the republic, and it is quite popular mostly among domestic tourists. Moreover country was a popular destination in former Soviet Union. Especially Naftalan was a destination brand for balneology tourism. Now tourism authorities try to promote and represent this place for tourists that intend to come to Azerbaijan. However, lots of efforts need to be done in terms of determining proper targeting and positioning strategies.

3.2.8 Potential for Development and Current Issues

The popularity of destinations of course depends on number of different attractions that they have. It is more advantageous having historical, natural and built attractions within the country. It seems that Azerbaijan's natural and built attractions more meaningful in terms of tourism potential. On the other hand this is the fact that Azerbaijan is a place that was settled since prehistoric ages and has sufficient number of historical sites to attract visitors. Destinations usually make efforts to highlight existing attractions or create new ones so that to encourage more visitors.

In this context there are some projects that have been constructed as landmarks and symbols of renovating Azerbaijan. Flame Towers, Crystal Hall, Haydar Aliev Center have been already built, while, Khazar islands (artificial islands with all facilities including tower with 1 km height) are under construction and Zira island (modern sustainable settlement that maintain itself with renewable energy and water resources, and it comprises hotels, shopping opportunities, other recreation areas) has been already projected. Thus mentioned built attractions will contribute for tourism product diversification and as a consequence for sustainable development of tourism in Azerbaijan. Thus it would be useful to adapt this strategy of building new attractions in other regions of the country as well. The uniqueness of the attractions in Azerbaijan is determined by having monuments and historical sites that represent various civilizations in comparatively small area. The country has monuments of Zoroastrian, Hebrew, Christian and Muslim cultures that coexisted in harmony for ages.

The total prices of a trip are normally formed within the destination through food and accommodation expenditures. However in most cases unreasonable higher accommodation prices (even for 3, 4 star hotels) are actual problem not only for Baku but also for most of the destinations in provinces. Along with the prices that have negative impact on tourist decision making, price-quality ratio in many cases is unsatisfactory (according to reviews on tripadvisor.com, 13.02.2015). Several examples can be mentioned with particular hotels like Hyatt Regency, Kempinski, AF hotel. First two hotels are 5 star hotels and AF hotel is 3 star hotel. All these hotels have low rating in the price-quality ratio grading.

Actually the location of the country is an advantage for trading and doing business, especially it is beneficial for tourism sector as it makes trips to the country less time consuming. But unfortunately this accessibility factor is negatively influenced by airport taxes (information taken from Amadeus booking system) in Azerbaijan. Just for example on same dates flight from Tbilisi (Georgia) to Kiev (Ukraine) is cheaper than from Tbilisi to Baku despite the fact that the distance between Baku and Tbilisi is more than three times shorter (skyscanner.net used for price calculation 13.02.2015, Webflyer.com for mileage calculation 13.02.2015).

3.3. Findings

3.3.1 Azerbaijan's Image and Destination Brand Awareness

The country image and national stereotypes are related to each other and sometimes it is difficult to distinguish them. Then, what are the stereotypes associated with Azerbaijan? That is to know how Azerbaijan perceived in the region, because, as we reviewed in previous part of this work the image is the basis for further success in branding destinations. Thus, in accordance with the results of conducted research Azerbaijan hold mainly positive image in neighbouring countries. In Ukraine the majority of interviewees describe the country as a stable and prosperous place to visit with rich traditions of local population. Almost all interviewees gave also positive answer on question about security in Azerbaijan. However in Turkey travel agency managers mentioned linguistic and cultural proximity of Azerbaijan to Turkey. There were also answers that describe the country as economically prosperous as it was also expressed by Ukrainian interviewees. Moreover, all interviewees mentioned that country is secure for living and visiting.

When we come to the destination Azerbaijan we can see from the research outcomes that country mostly not considered as a destination in neighbouring countries. In Ukraine and Turkey all interviewees mentioned that there is not a demand for Azerbaijan and it is due to lack of information about the country as a destination. Among other answers no suggestions from the Azerbaijani partners and no promo tours for agencies.

3.3.2 Competition and Needs of Target Market

Research conducted among travel agency managers find out that they have curiosity towards the tourism opportunities in the country also they explained the reasons why one would visit Azerbaijan and what he or she can find there. The most frequent answer was excursions to the country's historical or natural attractions, cultural heritage tours and of course visiting recreation areas on the seaside. The second most popular answer was repeated Turkish travel agents, almost all of the interviewees said that they have no information about what to do in the country. When it comes to competition there was variety range of competitor destinations, and destinations

choice depends on geographical locations of the countries where interviews was held, consequently it influences the needs of vacationers. In Ukraine in most of the cases travel agents mentioned destinations which among other opportunities also offer the sun and sea (emphasis was put on culture + sun, sand and sea destinations) such as Bulgaria, Egypt, Italy, Greece, Turkey.

On the other hand in Turkey almost all interviewees expressed the need in cultural tourism and urban tourism. Thus preferable regions for outgoing tourism were Central and Eastern European countries as well as Mediterranean countries such as Greece and Italy. The research revealed that approximate average amount of spending on tours in Ukraine is 400-500 EUR which includes accommodation for 7 days with either all inclusive or half board meals plus flights to/from the destination. Almost the same price for the same package was mentioned by Turkish travel agents.

3.3.3 Positioning a Brand in the Target Market

This suggestion for positioning formed by the author through gathering secondary data and analysing interview results, as well as via applying existing brand positioning concepts. Ideally successful destinations perfectly fit the target market's demand as well as deliver divergent and unforgettable experience. As it mentioned before in this study for successful positioning it is important to distinguish brand associations that in turn reflect perceptions of a brand (brand image). They are points of difference and points of parity associations.

According to the literature that describe the process of brand positioning the destination Azerbaijan brand associations need to be seen as desirable, deliverable, differentiating. Desirability of the brand expresses consumer point of view. From this context being different is not enough for choice, thus to launch strong destination Azerbaijan brand's POD have to be relevant to consumers in Russia, Ukraine, Iran and Turkey. From the analysing interview results author comes to the conclusion that rich culture and heritage is the main expectation of foreign travelling service providers from Azerbaijan. The advantage here is that mentioned features are unique almost for every country and nations. Therefore, considering uniqueness and importance to the consumers, point of difference associations for Azerbaijan should be culture and heritage.

Deliverability criteria determine feasibility of promises within destination. Author of current study mentions that despite the fact that Azerbaijan's tourism authorities cannot guarantee high quality services provided by variety range of stakeholders, it is still possible for them to put regulations and standards in tourism industry that would be able somehow control their functioning. Moreover, it is possible to convince target market with the fact that despite being newly independent and developing country Azerbaijan is under modernization process and realize big infrastructural projects for instance Baku-Tbilisi-Kars railway, sport events infrastructure. There are increasing numbers of new hotels built along with new airports, roads, bridges in Baku and in the county's regions. This modernization process strengthens positive association with the destination Azerbaijan and makes promised comfort and service feasible to deliver. From the other side the destination with rich culture and heritage is well known image of Azerbaijan in all observed target markets. Therefore it can be really deliverable points of difference with so called "proof points". These "proof points" definitely are famous traditional dances which can be demonstrated within festivals or even taught at short courses for tourists (for all target markets) and traditional music (for Iran), as well as diverse and delicious cuisine (especially for Iranian, Russian and Ukrainian markets). Due to provided "proof points" that are verifiable evidences, potential tourists are expected to believe in destination Azerbaijan brand and its desired associations. Moreover, in different countries different points of difference associations and respective reasons to believe should be determined.

It is also important for positioning to determine competitive frame of reference. The process begins with determining category membership. Question here is: to which destination category does Azerbaijan belong? Due to its geographical location and climatic characteristics Azerbaijan can be introduced as sun, sea and sand destination. Moreover, with taking into consideration Eastern traditions and heritage the country should be categorized and successfully delivered in popular "Sunny and Warm East" group of destinations like Turkey, Egypt, Morocco, Dubai. In accordance with the interview results and evaluated statistical data it is obvious that main competitors are Turkey, Egypt, Italy, Balkan countries.

Because Azerbaijan as a destination has variety of features for drawing tourists, it is also possible to straddle positions. Therefore different POP categories

can be chosen for Azerbaijan like Culture, Diverse Nature and Wildlife, while Sun, Sea and Sand can be determined as POD of the country.

Table 3.1 Determining POPs and PODs in target markets (suggested by the author)

Country	Points of Parity	Points of Difference	Proof Points
Turkey	Diverse nature	Culture and heritage, Sea, Sun	Historical sites and architecture, Traditional dances
Ukraine	Diverse nature	Culture and heritage, Sea, Sun	National cuisine, traditional dances, carpet weaving and carpet shopping

However, it can be additional POD of the destination that comes with Nature category and highlights natural diversity image of the Azerbaijan. Moreover, after developing new sea resort on the shore of Caspian sea, water related tourism also can be introduced as a point-of-parity association. Thus when considerable number of consumers believes that Azerbaijan is good enough in that category it will be a proper time to associate the destination with sea, sun and sand POP. Although county is on the shore of Caspian Sea, weakness of water related tourism development does not allow choosing this feature as a point-of-parity. On the other hand, no doubt that PODs are need to be recognized as distinctive and superior by target market. According to this research destination Azerbaijan with its original features can be successfully positioned at least in the region.

Symbol is among main attributes that distinguishes one brand from another. Thus, what can be a symbol of the country? According to author's suggestion it can be something that includes images of Caucasus Mountains, with Azerbaijani national patterns, or anything that reflects traditional dancing on a carpet at mountainous area.

Slogan is another key element of brand positioning. Current promotional slogan of the country is "land of fire". Does it describe any touristic features of the country? The answer of course is negative. According to the reviewed literature several categories of slogans are distinguished. Consequently, it would be better if

country use more appropriate slogan that highlights country's points of difference associations. Additionally slogans should reflect PODs respectively for every single target market. Thus what can be a slogan of the country? Taking into consideration increasing interest to eastern culture and consequently popularity of eastern destinations in Russia and Ukraine the slogan can be: "Azerbaijan: Vse svoye na vostokey" (Verbatim "Azerbaijan: all your own on the East" it refers to a word playing in Russian language). The slogan reflects authenticity and distinctiveness by words "own" and highlights eastern origin of culture and heritage with the "East". Moreover there is also referring on hospitality and affinity through word playing. According to Pike's (2012) analysis it belongs to the categories of "Location and Discovery". Thus it is expected to excite curiosity for discovery of the close east.



CONCLUSION

The main objectives of the thesis were analysis of current situation, evaluation of the potential and suggesting strategies that ground effectiveness of Azerbaijan's brand positioning in neighbouring markets. Analysis of current problems in development of Azerbaijan as a destination revealed that Ministry of Culture and Tourism of Azerbaijan Republic makes continuous efforts to promote the country throughout the World. However, from the branding concept it can be captured that destination branding of Azerbaijan is on the brand awareness stage. Moreover, tourism authorities do not consider the country as a tourist hotspot in the nearest future. The study has discovered several factors that can prove this point of view. The key factor here is the capacity of the accommodation facilities which causes for unfair competition and as a result for relatively higher prices. Additionally according to the Minister of Culture and Tourism – Qarayev (2015) tourism authorities attempt to present Azerbaijan as a luxury destination.

In order to have clear ideas of the destination's brand positioning author observed perception of Azerbaijan in neighbouring countries. Data that was acquired through interviews was analysed and applied for positioning strategy. It was derived from the interviews that Azerbaijan is undiscovered as a destination, despite being well-recognizable in the neighbouring countries. Additionally the importance of having promotional campaign in neighbouring countries was also advised. Author has adapted positioning models that was proposed for products and used them to the destination Azerbaijan case in this study. Particularly author combined outcomes of the semi-structured-interviews with main concepts of brand positioning. Thus several Points of Parity and Points of Difference were suggested to categorize and differentiate destination brand of Azerbaijan as a diverse nature and cultural destination. Accordingly, one of the key associations of the brand Azerbaijan that proposed in this study is culture and heritage. Along with drawing tourists from target markets, this type of tourism is important for sustainable development of provinces as well. Cultural tourism involves active participation of local contemporary culture: culinary tourism and wine tourism as its part, traditional activities, customs, and celebrations. Additionally this type of tourism can be economically beneficial for locals. For instance carpet sells. Azerbaijani traditional

carpet weaving was added to the Representative List of the Intangible Cultural Heritage of Humanity by UNESCO. Thus it can be used in promotion of visiting the workshops (for instance in Quba city) where these handmade carpets are produced.

Another association that would be a point of parity association is a diverse nature (by the author). Diverse nature of Azerbaijan opens perfect opportunities for developing ecotourism. While it is not that much popular yet, it has big potential for development and can strengthen the natural image of the country. With right promotional strategy national parks and state reserves which have outstanding views can attract more visitors. Additionally developing and promoting of thermal tourism can be collaborated with expanding of maritime tourism and sea tourism in Southern part of Azerbaijan's Caspian coastline. These would help for diversification of tourism products and in consequence for comparatively higher number of tourists.

Another outcome of the research was the lack of information about destination Azerbaijan in target markets. In order to improve situation there is a need in implementing promotion campaign which highlights distinct features of the country in target countries. To do these advantages of TV ads and the online marketing should be used as well. Furthermore, to increase attractiveness of Azerbaijan for tourists there is a need for introducing packages with flight + transfer + accommodation, and organizing seminars as well as fam-trips for travel agents. Setting up cooperation between Azerbaijan's tour operators and Russian, Turkish, Iranian as well as Ukrainian travel agencies will help for popularization Azerbaijan as a destination.

According to interview results and personal observation, decreasing costs for accommodations and flights can make considerable growth in tourist traffic to Azerbaijan. There are some steps in reducing costs which the government can implement: It seems reasonable to reduce tax rates (or implement a tax amnesty in particular regions) on accommodation providers, and to ease the rules which allow potential investors to open new business in accommodation services. Principal methods which should be implemented are giving long term credits with low commission for realistic business plans in order to attract entrepreneurs and encourage them to do business in this sector, and of course periodically measuring the results of the accepted programs and strategies.

For further development of destination Azerbaijan brand it is also important to organize stakeholders' meetings where representatives of national, regional as well as local levels can share ideas and form collaboration. It should be also advantageous to conduct and analyse visitor satisfaction surveys. Thus gathered data can be used to determine weaknesses of Azerbaijan's tourism products. Tourists who experienced such a product are best advisers in terms of advancement of the offerings and services. In addition to this study, further research can be done to find relevant attributes of destination Azerbaijan that can be presented in Russia and Iran, and as a consequence enhance effectiveness of brand positioning.. It is also vital to take into consideration competitors' promotional campaigns and separate brand of Azerbaijan by introducing tourism products that have undiscovered potential.

Finally, in order to have a prosperous tourism destination it is important to recognize nation's image then create appropriate destination brand and maintain its competitiveness.

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APPENDIX: Interview Framework

1. How do you imagine Azerbaijan?
2. Have you or your customers interested in Azerbaijan's tourism?
3. How do you think to what extent is country secure?
4. Do you offer tour packets to Azerbaijan?

If yes: please name the advantages and differences of the recreation and leisure activities in Azerbaijan

If no: please name the obstacles and reasons of that.

5. Which type of services and leisure activities are your clients looking for?
6. Which type of services and leisure activities do you expect in Azerbaijan?
7. Which amount of money do your clients usually spend on "Sun, sand and sea" tourism?
8. Which destinations with the "Sun sand and sea" areas are more popular among your clients?
9. Which obstacle do you think prevents tourists from visiting Azerbaijan as a destination?
10. How do you think, what steps can be taken in order to increase attractiveness of the country for tourists?