

# Design of a marketing plan of the new service Baku XP

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Master's thesis  
2020

 Tomas Bata University in Zlín  
Faculty of Multimedia Communications

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Univerzita Tomáše Bati ve Zlíně  
Fakulta multimediálních komunikací  
Ústav marketingových komunikací

Akademický rok: 2019/2020

## ZADÁNÍ DIPLOMOVÉ PRÁCE (projektu, uměleckého díla, uměleckého výkonu)

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Forma studia: **Prezenční**  
Téma práce: **Design of a Marketing Plan of the New Service Baku XP**

### Zásady pro vypracování

1. Provide the theoretical background to the development of a marketing plan, marketing in services with a focus on tourism.
2. Define the main goal, state the research questions, and choose adequate research methods of the thesis.
3. Conduct primary research regarding market opportunities, potential customers and communication tools to reach them.
4. Provide an interpretation of the findings, answer the research questions and chose relevant results for the project.
5. Based on the research results, develop a marketing plan of the new service Baku XP and present it in the form of a project.

Forma zpracování diplomové práce: **Tištěná/elektronická**  
Jazyk zpracování: **Angličtina**

Seznam doporučené literatury:

LUTHER, William M., 2011. *The marketing plan: how to prepare and implement it*. 4th ed. New York: AMACOM. ISBN 9780814416938  
MCDONALD, Malcolm, FROW, Pennie, PAYNE, Adrian, 2011. *Marketing plans for service businesses: a complete guide*. 3rd ed. Chichester, West Sussex, United Kingdom: John Wiley & Sons Ltd. ISBN 9780470979099  
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WOOD, Marian Burk, 2017. *Essential guide to marketing planning*. 4th ed. New York: Pearson. ISBN 9781292117522  
ZACHARAKIS, Andrew, SPINELLI, Stephen, TIMMONS, Jeffrey A., 2011. *Business plans that work: a guide for small business*. 2nd ed. New York: McGraw-Hill Education. ISBN 9780071752572

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Datum zadání diplomové práce: **31. ledna 2020**  
Termín odevzdání diplomové práce: **10. srpna 2020**

  
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## **ABSTRAKT**

Hlavním cílem této diplomové práce je vypracování marketingového plánu pro období zavedení nové služby Baku XP v Baku, Ázerbájdžánu. V první části práce je představen teoretický rámec marketingu ve službách, marketingu cestovního ruchu včetně marketingu destinace, jakož i hlavní aspekty marketingového plánování. Druhou část práce tvoří analýza vnějšího a vnitřního prostředí pro novou turistiku v Ázerbájdžánu, analýzy konkurence a zákazníků. V projektové části této práce je uveden samotný marketingový plán navržený pro období zavedení nové služby Baku XP.

Klíčová slova: marketingový plán, marketing ve službách, marketing cestovního ruchu, marketing destinace, turistické atrakce, zážitková turistika, místní aktivity v destinacích.

## **ABSTRACT**

The main goal of this thesis is to develop a marketing plan for the launch period of a new service Baku XP in Baku, Azerbaijan. The theoretical framework of marketing in services, marketing in travel and tourism including destination marketing, as well as the main aspects of marketing planning, are introduced in the first part of the thesis. The second part of the thesis consists of external and internal environment analysis for the new tourism business in Azerbaijan, extended competitor, and customer analyses. The actual marketing plan designed for the launch period of Baku XP service is presented in the project section of this thesis.

Keywords: marketing plan, marketing in services, marketing in travel and tourism, destination marketing, visitor attractions, experience tourism, local activities at destinations.

**ACKNOWLEDGEMENTS**

I would like to thank my thesis supervisor Ph.D. Dagmar Weberová, Ph.D. MBA of the Faculty of Multimedia Communications at Tomas Bata University in Zlín. She allowed this thesis to be written on my own, giving the right directions for the work in the beginning and supporting in the moments of hesitation. As well as, thank you to the great team of Baku XP for trusting me the design of the marketing plan of the company, to my husband Aykhan Khalilov for creation of brand look of Baku XP and his support during the whole time of work on this thesis; and my sister Heyran Mustafayeva for taking care of me in difficult times.

I hereby declare that the print version of my Bachelor's/Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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## **INTRODUCTION**

The main idea of my thesis work is to develop an initial marketing plan and provide communication opportunities for the launch of a new service Baku XP in Baku, Azerbaijan. The theoretical framework of creation and implementation of the marketing plan, as well as marketing in services, marketing in travel and tourism is studied in the first part of the thesis. The analytical part of the thesis studies external and internal environment for development of new tourism business in Azerbaijan. Analysis of main competitors and customer analysis for Baku XP service presented in the second part of the work.

Based on the results of analysis marketing plan for the service Baku XP is designed and introduced in the project part of the work.

## **I. THEORY**

# 1 MARKETING IN SERVICES

The special nature of services regarding manufactured goods and products is widely discussed in marketing literature. This chapter firstly aims to bring a definition of service, its specifics, and its place in the service mix, as well as considers role of the service industry in the global frame. Further, the difference in marketing approach to services for the most effectiveness is covered, expanded marketing mix presented.

## 1.1 Definition of services and service mix

There has been very substantial growth in services over the last two decades. This growth has been widespread but is now especially pronounced in developing countries where services represent the engine of their economic growth. So successful has been this transition from an essentially industrial society that today more than 70 percent of most Western economies are now in the service sector, whether measured in terms of income or numbers employed. (McDonald, Frow, Payne, 2011)

Figure 1. shows estimates of the size of the service sector as a percentage of gross national product (GNP) for different countries. These statistics, published by the US Central Intelligence Agency in 2011 show the dramatic transformation of the global service landscape. (McDonald, Frow, Payne, 2011)



Figure 1. Size of the service sector as % of GNP for different countries (Source: McDonald, Frow, Payne, 2011)

The shift to services has been so pronounced that some observers refer to it as the "second industrial revolution". As individuals spend greater proportions of their income on travel, entertainment and leisure, postal and communication services, restaurants, personal health and grooming and the like, so has the service sector responded by creating businesses and jobs. (McDonald, Frow, Payne, 2011)

The government sector, with its courts, employment services, hospitals, military services, police and fire departments, postal service, regulatory agencies, and schools, is in the service business. The private nonprofit sector — museums, charities, colleges, foundations, and hospitals — is in the service business. A good part of the business sector, with its airlines, banks, hotels, insurance companies, law firms, management consulting firms, medical practices, motion picture companies, plumbing repair companies, and real estate firms, is in the service business. Many workers in the manufacturing sector, such as computer operators, accountants, and legal staff, are really service providers. In fact, they make up a “service factory” providing services to the “goods factory.” (Kotler, Keller, 2012)

**A service** is any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. (Kotler, Keller, 2012) More humorously, service has also been described as "something that may be bought and sold, but which cannot be dropped on your foot." (Lovelock, Wright, 2002) As consumers, we use services every day. Turning on a light, watching TV, talking on the telephone, riding a bus, visiting the dentist, mailing a letter, getting a haircut, refueling a car, writing a check, or sending clothes to the cleaners are all examples of service consumption at the individual level. (Lovelock, Wright, 2002)

Increasingly, manufacturers, distributors, and retailers are providing value-added services, or simply excellent customer service, to differentiate themselves. Many pure service firms are now using the Internet to reach customers; some are purely online. (Kotler, Keller, 2012)

The service component can be a minor or a major part of the total offering. According to Kotler and Keller, there are five categories of service mix offerings:

1. ***Pure tangible good*** — a tangible good such as soap, toothpaste, or salt with no accompanying services.
2. ***Tangible good with accompanying services*** — a tangible good, like a car, computer, or cell phone, accompanied by one or more services. Typically, the more technologically advanced the product, the greater the need for high-quality supporting services.
3. ***Hybrid*** — an offering, like a restaurant meal, of equal parts goods and services. People patronize restaurants for both the food and its preparation.

4. **Major service with accompanying minor goods and services** — a major service, like air travel, with additional services or supporting goods such as snacks and drinks. This offering requires a capital-intensive good — an airplane — for its realization, but the primary item is a service.

5. **Pure service** — primarily an intangible service, such as babysitting, psychotherapy, or massage. (Kotler, Keller, 2012)

## 1.2 Difference of service marketing

At one level, the theory of marketing has universal application – the same underlying concerns and principles apply whatever the nature of the business. However, the nature of a particular service business may dictate a need to place much greater emphasis on certain marketing elements, which in turn could lead to different marketing approaches. (McDonald, Frow, Payne, 2011)

Four distinctive service characteristics greatly affect the design of marketing programs: **intangibility, inseparability, variability, and perishability**. (Kotler, Keller, 2012)

**Intangibility** – Unlike physical products, services cannot be seen, tasted, felt, heard, or smelled before they are bought. Therefore, service companies can try to demonstrate their service quality through physical evidence and presentation. Service marketers must be able to transform intangible services into concrete benefits and a well-defined experience. Because there is no physical product, the service provider's facilities as its primary and secondary signage, environmental design and reception area, employee apparel, collateral material, and so on — are especially important. All aspects of the service delivery process can be branded. Service providers often choose brand elements — logos, symbols, characters, and slogans—to make the service and its key benefits more tangible. (Kotler, Keller, 2012)

**Inseparability** – Whereas physical goods are manufactured, then inventoried, then distributed, and later consumed, services are typically produced and consumed simultaneously. The provider is part of the service. Because the client is also often present, provider-client interaction is a special feature of services marketing. (Kotler, Keller, 2012)

**Variability** – Because the quality of services depends on who provides them, when and where, and to whom, services are highly variable. Service buyers are aware of this variability and often talk to others before selecting a service provider. To reassure customers, some firms offer service guarantees that may reduce consumer perceptions of risk. Because services are a subjective experience, service firms can also design marketing communication

and information programs so consumers learn more about the brand than what they get from service encounters alone. (Kotler, Keller, 2012)

**Perishability** – Services cannot be stored, so their perishability can be a problem when demand fluctuates. Demand or yield management is critical — the right services must be available to the right customers at the right places at the right times and right prices to maximize profitability. (Kotler, Keller, 2012)

Service customers typically cannot judge the technical quality of some services even after they have received them. Because services are generally high in experience and credence qualities, there is more risk in their purchase, with several consequences. First, service consumers generally rely on word of mouth rather than advertising. Second, they rely heavily on price, provider, and physical cues to judge quality. Third, they are highly loyal to service providers who satisfy them. Fourth, because switching costs are high, consumer inertia can make it challenging to entice business away from a competitor. (Kotler, Keller, 2012)

Marketing excellence with services requires excellence in three broad areas: **external**, **internal**, and **interactive** marketing.

- **External** marketing describes the normal work of preparing, pricing, distributing, and promoting the service to customers.
- **Internal** marketing describes training and motivating employees to serve customers well. The most important contribution the marketing department can make is arguably to be “exceptionally clever in getting everyone else in the organization to practice marketing.” (Berry, 1986)
- **Interactive** marketing describes the employees’ skill in serving the client. Clients judge service not only by its technical quality (Was the surgery successful?), but also by its functional quality (Did the surgeon show concern and inspire confidence?). (Kotler, Keller, 2012) In interactive marketing, teamwork is often key, and delegating authority to frontline employees can allow for greater service flexibility and adaptability through better problem solving, closer employee cooperation, and more efficient knowledge transfer. (Jong, Ruyter, Lemmink, 2004)

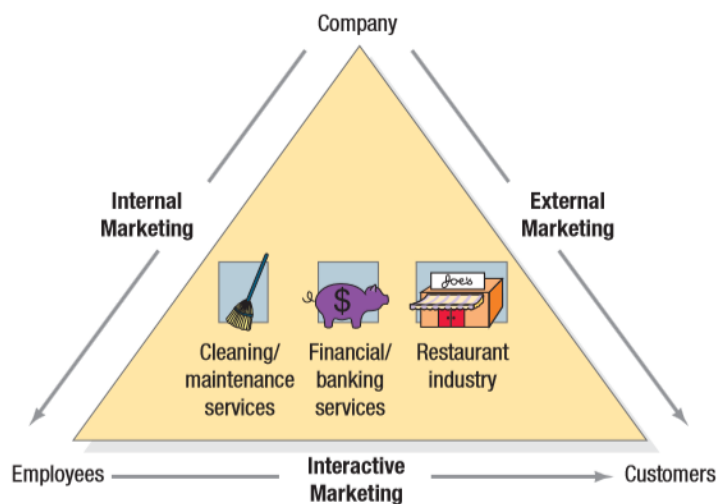


Figure 2. Three Types of Marketing in Service Industries (Source: Kotler, Keller, 2012)

Marketers can differentiate their service offerings in many ways, through people and processes that add value. What the customer expects is called the *primary service package*. The provider can add *secondary service features* to the package. In the hotel industry, for example, various chains have introduced such secondary service features as merchandise for sale, free breakfast buffets, and loyalty programs. The major challenge is that most service offerings and innovations are easily copied. Still, the company that regularly introduces innovations will gain a succession of temporary advantages over competitors. (Kotler, Keller, 2012)

### 1.2.1 Marketing mix in services

Traditionally, the marketing mix, which is, in effect, the “flexible coupling” between the supplier and customer, consists of four elements, namely:

**Product** – The product or service being offered.

**Price** – The price or fees charged and the terms associated with its sale.

**Promotion** – The communications program associated with marketing the product or service.

**Place** – The distribution and logistics involved in making the product/service available.

In recent years, those charged with developing the application of marketing in the service sector have questioned whether the 4Ps approach to the marketing mix was sufficiently comprehensive. As a result, there has been a marked shift of opinion and most service marketers now consider that an expanded marketing mix is appropriate for service



businesses – one that ensures that all important elements are not overlooked. Added to the original 4Ps are:

**People** – Since people are an essential element in the production and delivery of services, the quality of the service is largely determined by the quality and behavior of the company’s staff. This is particularly true in respect of those whose jobs involve high levels of customer contact.

**Processes** – The procedures, routines and policies, which influence how a service is created and delivered to customers, can clearly be instrumental in determining how ‘customer friendly’ the company is perceived to be.

**Customer service** – As customers demand higher levels of service, this element becomes a competitive weapon with which a company can differentiate itself. In the longer term, it helps to build closer and more enduring relationships with customers.

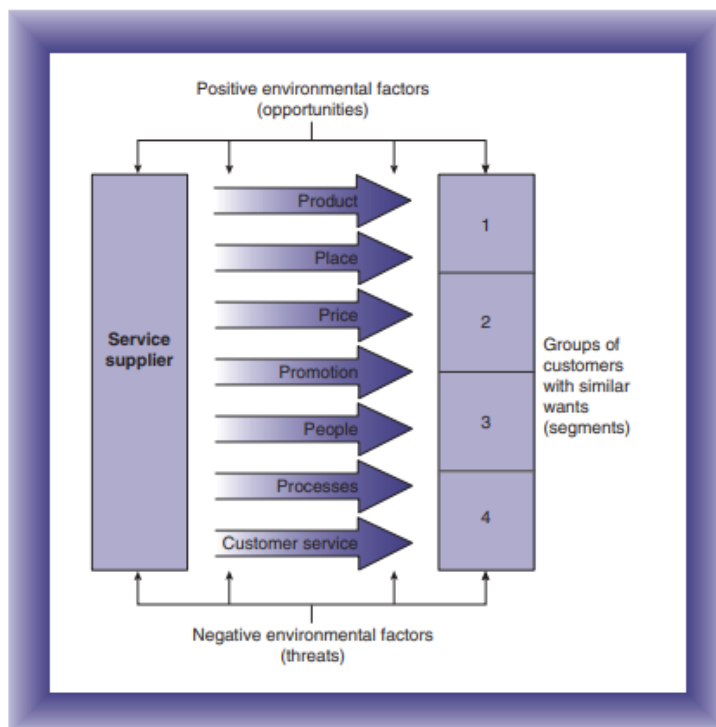


Figure 3. The marketing process in services (Source: McDonald, Frow, Payne, 2011)

This expanded marketing mix is robust enough to cover most service marketing situations. Figure 3. provides a more detailed representation of how the marketing process for services works.

## 2 MARKETING IN TRAVEL AND TOURISM

This chapter covers main elements of travel and tourism industry as a service sector and specific approach to its marketing. Destination marketing preferences and the role of DMOs in promotion of destinations are centralized in this chapter. Visitor attractions are defined as unique differentiation components of destinations. Moreover, marketing mix for travel and tourism industry presented, involving expanded tools of communication mix. To finalize, the influence of disasters on tourism industry is considered.

### 2.1 Travel and Tourism definitions

In the twenty-first century increasing interest is being shown in many countries in the potential of global travel and tourism as an important contributor to economic development, measured in terms of investment, employment and balance of payments. Effectively managed, tourism can play an important role in more sustainable developments at visited destinations; tourism is also of interest because of its ubiquitous nature, travel extends to all parts of most countries. As a result, tourism sustains not only international organizations such as airlines, tour operators and hotels but also thousands of small and medium-sized enterprises (SMEs) that are vital elements in most economic systems. (Middleton, 2009)

**Tourism** comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. (UNWTO, 1992: subsequently ratified by the UN Statistical Commission in 1994 - Middleton, 2009)

In normal usage, “tourism” and “travel and tourism” are terms that relate to exactly the same market and they are used interchangeably. Similarly, the words “visitor” and “tourist” tend to be used interchangeably in common use. (Middleton, 2009) Defining travel and tourism is a primary responsibility of the UN World Tourism Organization (UNWTO), which adopted the following principal terms:

- *Visitors* to describe all travelers who fall within agreed definitions of tourism.
- *Tourists* or staying visitors to describe visitors who stay overnight at a destination.
- *Same-day visitors*, or excursionists, to describe visitors who arrive and depart on the same day. (Middleton, 2009)

In defining travel and tourism, it is useful to follow the basic classification system based on three overall categories of visitor demand with which any country is concerned; each is a different sector of the total market:

1. International visitors, who are residents of countries other than that being visited and travelling for tourism purposes. Also known as **inbound tourism**.
2. International visitors, who are residents of a country visiting other countries and travelling for tourism purposes. Also known as **outbound tourism**.
3. Residents visiting destinations within their own country's boundaries and travelling for tourism purposes. Also known as **domestic tourism**. (Middleton, 2009)

Visitors who travel to and stay in countries other than their normal country of residence for less than a year are described as international tourists. They are usually treated by governments as the most important market sector of tourism because, compared with domestic tourists, they typically spend more, stay longer at the destination, use more expensive transport and accommodation and bring in foreign currency which contributes to a destination country's international balance of payments. (Middleton, 2009)

## 2.2 Travel and Tourism Services

There are five main component sectors in travel and tourism which are noted in Figure 4. Each of the sectors comprises several sub-sectors, all of which are increasingly concerned with marketing activities, both in the design of their products and the management of demand. (Middleton, 2009)

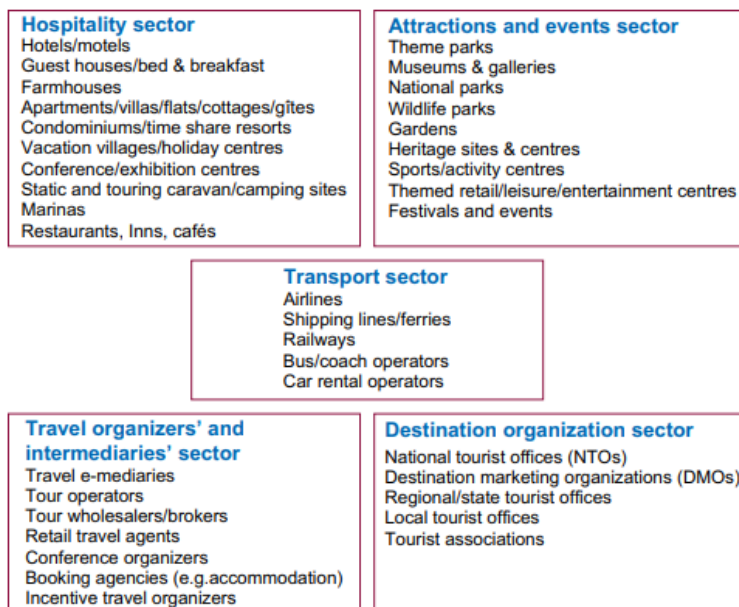


Figure 4. The five main sectors in travel and tourism (Source: Middleton, 2009)

Organizations in travel and tourism are part of the services sector of the global economy, as distinguished by economists internationally from the manufacturing, construction and

primary sectors. (Middleton, 2009) Travel and tourism products are generally considered to be services rather than tangible “goods”. (Bennett, 2001). Even though they are commonly referred to as “travel and tourism products” instead of “travel and tourism services” they possess all special characteristics of services like intangibility, inseparability, variability, and perishability. (Bennett, 2001) Associated with the basic or generic characteristics common to all services, there are at least three further features that are particularly relevant to marketing travel and tourism services. These are:

- Seasonality and other major variations in the pattern of demand.

It is a characteristic of most leisure tourism markets that demand fluctuates greatly between seasons of the year. On a weekly basis, city centre restaurants may fluctuate from 80% occupancy on Thursdays to 20% (if they open) at weekends. On a daily basis, seats on a scheduled air flight or train may be 95% full at 08:00 hours, while seats on the following flight or journey at 10:00 hours may be only 45% occupied.

- The high fixed costs of operations, allied to fixed capacity at any point in time.

A fixed cost is one that has to be paid for in advance in order for a business to be open to receive customers; a variable cost is one that is incurred in relation to the number of customers received at any given time. When the profit and loss accounts of service businesses in the travel and tourism industry are analyzed, it is generally the case that they reveal relatively high fixed costs of operating the available (fixed) level of capacity, and relatively low variable costs.

- The interdependence of tourism products.

Most visitors need to combine several products in their travel decisions, not just one. A business visitor needs transport, accommodation, food and beverage, and maybe car rental and conference facilities. A vacationer chooses attractions at a destination together with the products of accommodation, transport and other facilities such as recreational activity and catering. Often overlooked is the vital interdependence between commercial sector interests in tourism and the local government bodies that determine much of the quality of public spaces or public realm within which most of the important experiences associated with destination visits take place. Internationally this is a common characteristic of tourism. (Middleton, 2009)

Tourism features a negotiation between two forces: a supply-side and a demand-side. The supply-side is the travel and tourism industry, which seeks to stimulate demand for products and services. The demand-side represents consumer-travelers, who seek travel products and services to satisfy certain needs. (Pike, 2008) Marketing in travel and tourism is shaped and

determined by the nature of the demand for tourism and the operating characteristics of supplying industries. The forms of promotion and distribution used for travel and tourism products have their own particular characteristics, which distinguish their use in comparison with other industries. These characteristics form the common ground on which marketing for travel and tourism is based. (Middleton, 2009)

### **2.2.1 Destination Marketing and role of DMOs**

Tourism also is concerned with the activities and interactions of people as they visit different places. Importantly, people not only include travelers, but also the travel trade at the origin and the host destinations and residents of the host communities. Places include destinations at various levels from continents to visitor attractions. (Pike, 2008)

**A destination** is a geographical space in which a cluster of tourism resources exists, rather than a political boundary. A cluster is an accumulation of tourist resources and attractions, infrastructures, equipment, service providers, other support sectors and administrative organisms whose integrated and coordinated activities provide customers with the experiences they expected from the destination they chose to visit (Rubies, 2001). From the demand perspective, destinations are places that attract visitors for a temporary stay, and range from continents to countries, to states and provinces, to cities to villages, to purpose-built resort areas, to uninhabited islands. (Pike, 2008)

At a country level there are often three quite distinctive types of tourism organizations with interests in destination tourism development. These are a destination marketing organization (DMO) responsible for promotion, a government ministry providing policy advice to government, and a private sector umbrella industry association that champions the causes of member organizations.

A destination marketing organization is:

The organization responsible for the marketing of an identifiable destination. (Pike, 2008)

The rationale for the development of DMOs, at all levels, has been as a means for enhancing destination competitiveness. (Pike, 2008) A competitive destination is one that features profitable tourism businesses, an effective market position, an attractive environment, satisfactory visitor experiences, and supportive local residents. (Pike, 2008) Every DMO must take a proactive interest in stewardship of the destination's resources, which include social, cultural, and environmental dimensions. (Pike, 2008)

A tourism resource may be viewed as anything that plays a major role in attracting visitors to a destination (Spotts, 1997). Sources of competitive advantage are essentially assets and

skills (Aaker, 1991). An asset is a resource that is superior to those possessed by the competition, and a skill is an activity undertaken more effectively than competitors. A resource audit is, therefore, a key component of marketing planning. (Pike, 2008)

On the demand-side of destination marketing, the global market of consumer-travelers is not homogenous in terms of needs. Travelers from different geographic areas, socio-demographic groups and lifestyle clusters will respond to different offers at different times, for a complex array of reasons, including the purpose of travel, individual motivations, time available, the time of year, and availability of other discretionary spending opportunities. (Pike, 2008) The greatest challenge facing DMOs is to effectively differentiate their offering at decision time. Consumers don't have time to consider the merits of all available products in a purchase decision, and will therefore appreciate a memorable and focused value proposition that appeals to their needs. (Pike, 2008)

Ries and Trout (1986) emphasized the need for marketers to think in terms of *differentness* rather than *betterness*. This has important tourism implications, given few tourism products are unique. (Pike, 2008) Plog (2000) lamented the increasing sameness of most destinations around the world, due to the effects of globalization. (Pike, 2008) However, despite globalization, despite online, the place still matters. Whether driven by a sense of pride, authenticity, convenience and/or eco-concerns, travelers and consumers will continue to embrace "local" products, services and knowledge. (White, 2016) Local can also translate to authentic. Travelers are looking for local heroes and authentic local experiences. Locally-produced goods offer travelers a sense of authenticity, community and connection to place. Focusing on the local stuff offers easy, cost-effective marketing for destination and travel marketers. (White, 2016)

As the developed world has shifted into the post-industrial era, the role in society of arts, heritage, culture, hospitality and entertainment takes on greater economic importance and the visitor economy makes an integral contribution as a growth market within the modern economy of most destinations. This role is fully recognized commercially and is driving massive investment in new retail-based facilities that are marketed as day visitor attractions. (Middleton, 2009)

### **2.2.2 Visitor Attractions as tourism service**

Visitor attractions play an essential role in tourism as elements within the destination's environment that largely determine consumers' choices and influence prospective buyers' motivation. Visitor attractions have a particularly important role to play in both representing

and delivering the experience of the particular sense of place that provides the basis for competition between destinations. Many natural, cultural and built attractions are created specifically to conserve and celebrate the unique characteristics of places and the local features and character that make them worth a visit. (Middleton, 2009)

Many heritage attractions are part of the local character and specialities of place that lies at the core of the overall travel and tourism product. Some owe their original existence to celebrating and communicating local history (natural, built, economic and social) and their attractiveness to visitors depends on the intrinsic quality of their resources or collections. (Middleton, 2009)

Because the product for many attractions, for example, museums and galleries, is first a function of the resource and only second a function of marketing strategy, it is appropriate to consider first the nature of attractions products and the basic segments or audiences they draw on. Important as the resource is for most attractions, it is not the resource or collection that is the product; it is the visitor experience that the resources provide. The attractions product cannot be effectively marketed unless this key point is understood. Theme parks, for example, develop their whole product offering around the experience provided. Attractions based on the natural environment also need to communicate and facilitate access to their resource “products” interpreted as visitor experiences. (Middleton, 2009)

The range of experiences provided by attractions is very wide and in each case reflects the resource that the site provides and its interaction with the interests and personality of each visitor. (Middleton, 2009) The visitor experience at managed attractions begins with anticipation. It may be stimulated by effective promotion, especially printed materials and web sites, and by personal recommendation. (Middleton, 2009) For image and promotional purposes, it will usually be necessary to identify one principal underlying theme, idea and image, which encapsulates and communicates the experiences the attraction offers. The chosen theme and image will be the basis for positioning the attraction and the benefits it offers, in all marketing communications. (Middleton, 2009)

### **2.3 Marketing Mix for tourism services**

Kotler restated the 4 "Ps" of the marketing mix as 4 "Cs" to reflect the consumer orientation that is central to modern services marketing thinking in an era of growing competition. (Kotler and Armstrong, 1999)

- Product means customer value (the perceived benefits and quality of experience provided to meet needs and wants, quality of service received and the value for money delivered assessed against the competition);
- Price means cost (price is a supply-side decision, cost is the consumer focused equivalent also assessed against the competition);
- Promotion means communication (embracing all forms of producer/customer dialogue including information and two-way interactive relationship marketing, not just sales persuasion);
- Place means convenience (in terms of consumer access to the products they buy).

### ***Product – customer value***

Product covers the shape or form of what is offered to prospective customers. For tourism, product components include:

- Basic design of all the components that are put together as an offer to customers, for example, a short-break package marketed by a hotel group.
- Style and ambience of the offer. For service products, this is mainly a function of design decisions creating the physical environment and ambience.
- The service element, including numbers, training, attitudes and appearance of all staff engaged in the processes that "deliver" the product to the consumer – especially front of house staff.
- Branding, the focus for communications, which identifies particular products with a particular set of values, a unique name, image and expectation of the experience to be delivered. (Middleton, 2009)

### ***Price – cost to the consumer***

Price denotes the published or negotiated terms of the exchange transaction for a product between a producer aiming to achieve predetermined sales volume and revenue objectives, and prospective customers seeking to maximize their perceptions of value for money in the choices they make between alternative products. Almost invariably in tourism there is a published/regular price for a product and one or more discounted or promotional prices. Promotional prices respond to the requirements of particular market segments or the need to manipulate demand to counter the effects of seasonality or competition resulting from overcapacity. (Middleton, 2009)



### ***Promotion – communication***

The most visible of the four Ps, promotion includes advertising, direct mailing, sales promotion, merchandising, sales-force activities, brochure production, Internet communications and PR activity. Promotional techniques are used to make prospective customers aware of products, to whet their appetites, stimulate demand and generally provide incentives to purchase, either direct from a producer or through a channel of distribution. The available range of communication techniques is growing wider with the terms "integrated communication mix", and "promotional mix" frequently used in practice. (Middleton, 2009) Communication mix in tourism services will be widely considered in the following section.

### ***Place, distribution, access – or convenience***

Traditionally for marketing purposes, place is the term used to describe the location of all the points of sale that provide prospective customers with access to tourist products. Over the past decade, for most travel and tourism businesses, the Internet and broadband access have revolutionized and globalized the concept of convenient access by bringing it directly into the homes of millions of prospective buyers. (Middleton, 2009)

#### **2.3.1 Communication Mix in tourism services**

Tourism organizations are constantly communicating, whether intentionally or unintentionally, through each personal and non-personal interaction with the public. (Middleton, 2009)

All forms of marketing communications are primary means of manipulating demand and influencing buyer behavior. Simply stated, they enable businesses to reach people in their homes or other places away from the places of production and delivery, and to communicate to them messages intended to influence their purchasing behavior. (Middleton, 2009)

In order to achieve the desired effects of the campaign, marketers must select the most appropriate combination from a range of different techniques, often called promotional or marketing communication tools. These include advertising and PR, direct marketing, sponsorship and sales promotion. Attempts to distinguish between the tools only serve to emphasize how in practice they overlap and are most effectively used in combination with each other in an integrated campaign. The launch of a new product, such as a visitor attraction, will involve PR activity to gain media coverage and create awareness, advertising to communicate what the attraction has to offer and give details of location and opening

times, direct mail or distribution in the catchment area and sales promotion discounts to encourage people to visit and sample the attraction. The same logo, images and messages would also be included on the attraction's website, which is likely also to have pages carrying news releases and other useful information for users. (Middleton, 2009)

### ***Advertising***

Classically, advertising is best at creating awareness, informing, persuading and reminding. The objective of advertising might be to inform the audience of product benefits, a new product launch or a revised pricing structure; to persuade them by changing attitudes towards the brand, building product preference or altering product positioning; or to remind the consumer after purchase to reduce post-purchase anxiety, trigger word-of-mouth recommendation or keep a brand name front of mind for future purchases. (Middleton, 2009)

### ***Public Relations (PR)***

The aim of marketing PR is to obtain favorable publicity for an organization and its products in the media through news reports, features and reviews. In travel and tourism, it is important to develop mutual understanding with publics, such as local residents and businesses, other industry sectors, environmental pressure groups, politicians and suppliers of service components. (Middleton, 2009)

Types of public relations activity in travel and tourism include: writing and editing (press releases, articles), building press relations (mailing lists and databases of media contacts), media interviews for all types of media, press launches and press conferences, photography, event management, product visits (open days for general public, product visits for journalists), corporate identity (including corporate graphic identity from business cards to on-site signage, logo design), product placement, crisis management (handling negative events as they occur). (Middleton, 2009)

### ***Sales Promotion***

Sales promotions come in two basic types. They can offer a reduction in price, or they can include something extra in the "package" at the normal price. Price cuts can devalue the image of the product, low price being popularly equated with low quality as in the phrase "cheap and nasty".

There is also the risk of customers coming to expect the lower price, making it difficult to increase it again (Morgan, 1996). Added-value packages avoid these dangers, and if used

imaginatively, can help to attract attention to the product and reinforce the brand image. (Middleton, 2009)

### **2.3.1.1 Digital marketing communications**

#### ***Website***

In the twenty-first century, the Internet has become the distribution channel of choice for a growing number of people, and companies are, therefore, making websites the center of their marketing communications activities. It is the place where the product is offered or customized, where the price is set and, increasingly, where the transaction is made and the documents delivered. The rest of the marketing communications activities of the organization should all be aimed at drawing the customer to the website. (Middleton, 2009) The basic use of a website is as a source of information, a kind of online advertisement or brochure. The marketing effectiveness of the site is greatly increased if the customer is able to make a transaction from the web page, placing an order and making payment. A website can fulfil the distribution process by providing downloadable confirmations, tickets or vouchers or by enabling people to check and monitor the progress of their order. (Middleton, 2009)

#### ***Search Engine Marketing***

Search engine marketing is the term given to actions taken by a company to improve the ranking of their website on a search engine. One action can be to make sure that the site has the right keywords, those that potential customers of their products most commonly use in their searches. Another is to develop links from relevant sites in order to improve the page ranking. These activities are called search engine optimization. In essence, successful search engine marketing is based on one of the fundamental principles of marketing – understanding precisely what your customers want and where they will look for it. (Middleton, 2009)

#### ***Blogs***

Any traveler can get free web space to start his or her own online travel diary, known as a weblog or blog. Most have little chance of being read outside a small group of friends and family – an extension of the traditional spread of consumer information by word of mouth. However, a number of specialist travel blog sites allow visitors to search for blogs on a particular destination or mode of travel. The blog format – an article followed by a discussion forum – is now used by journalists in online media and by companies as a way of keeping

customers up to date with the latest products. The content of a blog should be more casual and entertaining instead of factual information and highly scripted marketing messages. (Middleton, 2009)

### ***Social Media Marketing (SMM)***

Social media marketing refers to Internet-based online media in which individuals with common interests, goals, and practices engage in social interactions constructing personal profiles and sharing information and experiences. Social media represents a variety of forms such as social networks (Facebook), photo sharing sites (Instagram, Flickr), video creating and sharing sites (YouTube), microblogging tools (Twitter), review/rating websites (TripAdvisor). One of the most important functions of social media is that it provides a Web-based application in which users can easily create and post a variety of content in the forms of texts, photos, videos, etc. Shared information on social media sites is recognized as an important information source which may influence travel decision making for potential travelers. (Kang, Schuett, 2013)

### ***Word of Mouth***

Word-of-Mouth describes informal conversations and recommendations from current and potential customers about products and services and has a powerful impact on customer decision-making. Due to their credibility, these conversations and recommendations have a massive effect on sales. The impact of WOM on brands is very strong and organizations, therefore, try to stimulate positive WOM for their brands. These efforts, which are further supported by the decreasing effectiveness of traditional marketing communications, are denoted as "WOM marketing" or "buzz marketing". The stimulation of online WOM is usually described as "viral marketing". (Karlíček, 2010) With the growing role of the Internet on the everyday life WOM increasingly takes an electronic form and can turn into the user-generated content in the form of reviews, photographs and other talks about consumed product and services. As the tourism product and services are primarily intangible and are not accessible until the moment of consumption, potential visitors consult online reviews before making a purchase decision on them. Visitors of destinations become the best ambassadors of travel and tourism products, which spread a positive or negative word about them online and offline. Following transitory relations of WOM have influence over decision making at the destination:

- between the traveler and locals;

- between the traveler and service provider;
- between the traveler and other travelers;
- with the emergence of e-WOM, between the traveler and on-line advisors. (Harris, 2014)

## **2.4 Influence of disasters on tourism**

No destination is immune to disaster. Every DMO should consider the possibility of a disaster at some stage in the future. Disasters can be man-made or act of nature. They can be short term or long term. Almost all will be unpredictable and beyond the control of the DMO. (Pike, 2008)

Arguably, the greatest impact of wildcard exogenous events on the tourism industry is uncertainty:

1. Uncertainty of travelers to risk personal safety on what is, after all, a discretionary activity. During periods of insecurity, consumers can choose either to travel somewhere perceived to safe or delay travel plans.
2. Uncertainty of investors and small business owners to invest or reinvest in repairs, maintenance, upgrades, or new developments.
3. Uncertainty of tourism staff on the future of their career. (Pike, 2008)

More than disaster as it is, the strong impact on tourism can be caused by frenzy media coverage of events. During the first half of 2003, Severe Acute Respiratory Syndrome (SARS) caused panic in the travel industry worldwide. China was the worst affected, with the emerging destination giant experiencing its first decline in international visitor arrivals in 2003 ([www.eturbonews.com](http://www.eturbonews.com), 7/8/03). Other than the loss of life, the most significant aspect of the SARS outbreak to impact on the tourism industry was the mass-media coverage. Professor Bob McKercher of the Hong Kong Polytechnic University lamented how the global media frenzy was feeding perceptions of a disaster. Later he introduced the term SIP (SARS induced panic) to the tourism lexicon, arguing strongly that SIP was a greater threat to tourism than SARS. (Pike, 2008)

On a global basis, the tourism industry has historically proven to be resilient, with remarkably quick recoveries following major crises. For example, International Air Travel Association CEO Giovanni Bisignani suggested that following the 1991 Gulf War, a year when tourism arrivals only increased by 1%, growth in 1992 was 8% ([www.travelmole.com](http://www.travelmole.com), 26/3/03). Even with the events of 9/11, international arrivals exceeded 700 million for the

first time in 2002, representing an increase of 3% over 2001 and 19 million more than "Millennium year" (WTO media release, 27/1/03). (Pike, 2008)

The level of preparedness for a disaster at a destination will determine the extent to which a management crisis manifests. Since a state of crisis can affect the viability of the destination, DMOs have a responsibility to prepare marketing contingency plans. Key activities that DMOs should consider include: the formation of a permanent disaster taskforce, scenario building and risk analysis, coordinated marketing responses, market concentration, outsourcing of media relations, and initiatives to support local businesses. (Pike, 2008)

### **3 ASPECTS OF MARKETING PLAN**

This chapter covers main aspects of marketing planning process step by step and suggests contents of the marketing plan.

#### **3.1 Marketing planning process**

Marketing planning is the structured process that leads to a coordinated set of marketing decisions and actions, for a specific organization and over a specific period, based on:

- an analysis of the current internal and external situation, including markets and customers;
- clear marketing direction, objectives, strategies and programs for targeted customer segments;
- support through customer service and internal marketing programs;
- management of marketing activities through implementation, evaluation and control.

The course of action that results from marketing planning is recorded in a **marketing plan**. This internal document outlines the marketplace situation and describes the marketing strategies and programs that will support the achievement of business and organizational goals over a specified period, usually one year. (Wood, 2017) A good marketing plan must be dynamic, anticipating changes and including guidelines for how to react with customer relationships and competition in mind. (Wood, 2017) The marketing plan documents decisions and actions undertaken as a result of the seven-stage marketing planning process. (Fig.5)

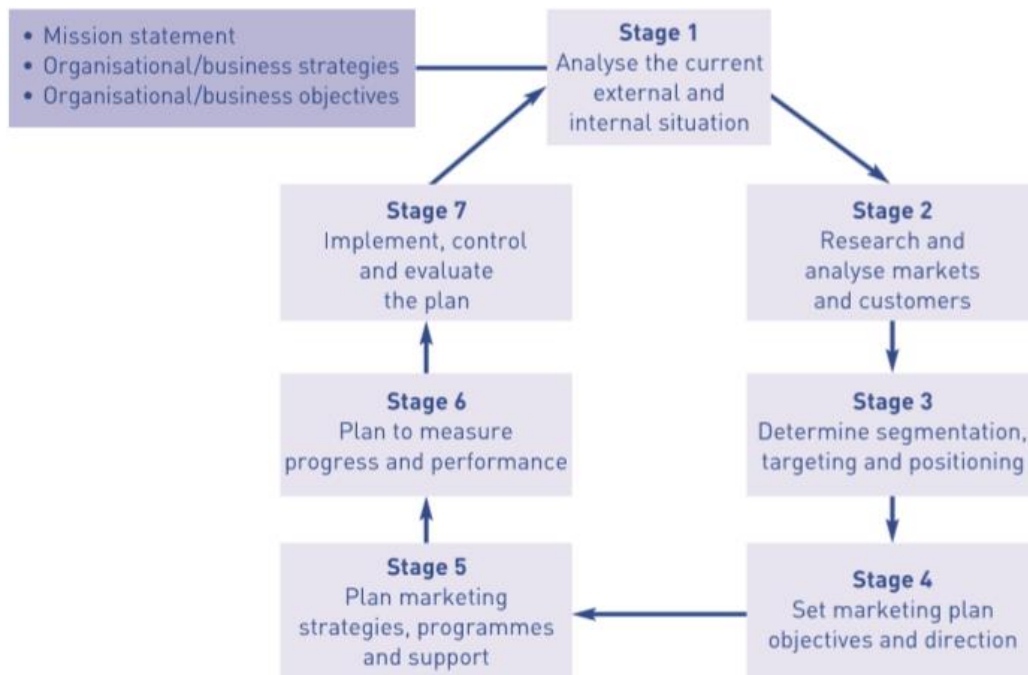


Figure 5. The marketing planning process (Source: Wood, 2017)

### 3.1.1 Analyzing the current situation

The purpose of analyzing current situation is to identify strengths, weaknesses, opportunities and threats for marketing purposes. An *internal audit* is used to examine the current situation within the organization, including mission statement, resources, offerings, capabilities, important business relationships. The **mission statement** is an overall guide to what the organization wants to accomplish and where, in general terms, the marketing plan should take the organization.

Using an *external audit*, the marketer will study trends and changes in the broad political, economic, social-cultural, technological, legal and ecological environment, and analyze competitive factors. This audit should cover issues, threats and opportunities that might influence organization's ability to implement the marketing plan and achieve its objectives. (Wood, 2017)

### 3.1.2 Researching markets and customers

Next step is researching markets and customers (consumers, businesses, clients or constituents). Marketers investigate trends in market share, product demand, customer needs and perceptions, demographics, buying patterns and customer satisfaction. Who is buying or would buy the product being marketed, and why? How are buying patterns changing, and why? What is in demand and when? Where is it in demand and how is demand expected to



change over time? What experiences, services and benefits do customers need, want or expect before, during and after each purchase? (Wood, 2017)

### 3.1.3 Segmentation, targeting and positioning

No organization has the resources (people, money or time) to serve every customer in every market. Therefore, marketers use research and customer knowledge to identify which specific subgroups can be effectively targeted through marketing. The first step is grouping customers into *segments* based on characteristics, behaviors, needs or wants that affect their demand for or usage of the suggested product. A segment may be as small as one customer or as large as millions of customers in multiple nations. Next, is to decide on the *targeting* approach, if to focus on a single segment, on two or more segments or the entire market? How will these segments be covered through marketing? Also important to formulate a suitable *positioning*, which means using marketing to create a competitively distinctive place (position) for the product or brand in the mind of targeted customers. (Wood, 2017)

### 3.1.4 Setting marketing plan direction and objectives

The direction of a marketing plan is based on the organisation’s mission statement and higher-level goals. Most use marketing plans to support a direction of growth in one of nine ways, combining offerings and markets (Fig. 6)



Figure 6. Growth grid (Source: Wood, 2017)

A marketing plan for growth will define objectives in financial terms (such as higher turnover) and marketing terms (such as higher market share). However, instead of aiming

for growth, struggling companies may use their plans to sustain the current turnover, profit or market share situation.

Note that goals and objectives are not the same, although the words are often used interchangeably. **Goals** are longer-term targets that help a business unit (or the entire organization) achieve overall performance and fulfil its mission; **objectives** are shorter-term performance targets that lead to goal achievement. (Wood, 2017)

### **3.1.5 Planning strategies, programs and support**

In this stage, marketers will plan marketing strategies and tactics to achieve the objectives set earlier. One will look not only at how to deliver value that meets customers' needs but also at the coordination of the basic marketing tools of product, price, place and promotion within individual marketing programs. In addition, it should be determined how to support the marketing effort with customer service and internal marketing. For practical reasons, it's better not to finalize all the details of the marketing activities until the plan has been approved and funded and is ready for implementation. (Wood, 2017)

### **3.1.6 Planning to measure progress and performance**

Before implementing the marketing plan, a marketer must decide on measures to track marketing performance towards achieving objectives. This involves developing and documenting budgets, forecasts, schedules and responsibilities for all marketing programs. One will also forecast the effect of the marketing programs on future turnover, profitability, market share and other measures that reveal progress towards objectives. Often marketers establish quantifiable standards (metrics) to measure specific marketing outcomes and activities. In many cases, these metrics look at interim performance of specific brands, individual products or product lines, geographic results, financial results, customer relationship results and so on. Deciding exactly what to measure – and how – is critical to effective implementation and control of a marketing plan. (Wood, 2017)

### **3.1.7 Implementing, controlling and evaluating the plan**

The real test of any marketing plan's effectiveness comes at implementation. For effective control, a marketer starts with the objectives set, establishes metrics and standards for measuring progress towards those targets, measures actual marketing performance, analyses the results and takes corrective action if needed. The outcome feeds back to the beginning of the marketing planning process. Depending on the organization and the plan, the marketer

may compare results with standards hourly, daily, weekly, monthly and quarterly. (Wood, 2017)

### 3.2 Content of a marketing plan

Every marketing plan is unique, designed specifically for the individual organization and its marketing situation. Although some plans may be recorded in only a few pages, larger companies generally have a formal format for presenting in-depth marketing plans by unit, brand and product.

Most marketing plans consist of the main sections shown in Table 1. (Wood, 2017)

SECTION	PURPOSE
Executive summary	To summarize the plan's objectives and main points, including what is being marketed and the market for this good or service
Current marketing situation	To explain the mission; present the results of the external audit of political, economic, social-cultural, technological, legal and ecological factors; analyze the competition; and provide background about markets, customers and current marketing activities
SWOT analysis	To discuss internal strengths and weaknesses, external opportunities and threats that can affect marketing performance, and explain the organization's response
Segmentation, targeting and positioning	To identify the segments to be targeted and explain how the product, brand or organization will be positioned for the selected customer segment(s)
Objectives and issues	To show what the marketing plan is designed to achieve in terms of financial, marketing and societal objectives; to explain key issues that might affect the plan's implementation and success
Marketing strategy	To present the broad strategic approach that the plan will apply in providing value to achieve the objectives that have been set
Marketing programs	To describe the set of coordinated actions used to create, communicate and deliver value through product, pricing, place, promotion, customer service and internal marketing activities

Financial plans and budgets	To back up the programs with details about projected costs and profits, revenue forecasts and sales forecasts
Metrics and implementation controls	To indicate the organization, responsibilities and schedules for implementation; explain metrics for measuring progress towards objectives; and include contingency plans for dealing with unexpected results and future scenarios

Table 1. Contents of a typical marketing plan (Source: Wood, 2017)

The exact sections and order of sections will differ from one organization to the next. (Wood, 2017)

## 4 METHODOLOGY

### 4.1 The main goal and sub-goals of the thesis

The **main goal** of the thesis is, based on research results, to develop an initial marketing plan and communication for the launch period of the new service Baku XP.

In order to support the main goal following **sub-goals** were set.

- To identify potential customers and main competitors of the service Baku XP
- To determine the initial market place of the service Baku XP and clarify its objectives
- To reveal communication opportunities for the service Baku XP

By the end of the work marketing plan for the implementation of Baku XP including communication plan for the starting period to be provided.

### 4.2 Research Questions

In the frames of the thesis work following **research questions** aimed to be answered:

1. Who are the potential customers of the service Baku XP and main competitors of it?
2. What are the initial marketing and financial objectives of Baku XP and what marketing strategies will be conducted to accomplish them?
3. What are the communication opportunities of Baku XP in terms of customer specifics?

### 4.3 Research Methods

To meet the research questions, achieve the goals of the thesis and eventually, develop the marketing plan for Baku XP initial market research will be conducted in the frames of this thesis. Market research includes collection and analysis of primary and secondary data.

To get the insights of the market and information on the existing competitor businesses, secondary research will be conducted in the first order. Considering availability and easy accessibility of information on the Internet a method of **web search** will be used to gather necessary data on competitors and tourism market. Web presence, in general, is essential for the vast majority of businesses today. Taking into account the specifics of the industry it is especially important for the businesses in tourism. Web search will help to reach press reports on the present situation, development and trends in tourism, competitor offers, marketing and communication strategies they use.

At the same time, secondary data can be collected regarding potential customers of Baku XP. As the provided service mainly targets tourists visiting Azerbaijan, **review of statistical data and documents** provided by governmental institutions will present an overview of tourism in the country. These sources are public and also accessible online. The limitation of this method is that, it provides information on existing tourist traffic, but not on tourist activities in the country, their purchases, behavior patterns. For discovering such information primary data is required to collect.

Primary data is information that comes directly from the source which is, potential customers. To reach this kind of data a method of **online survey** will be used to identify customer profiles. An online survey gives the privilege to gather qualitative information on customer preferences with open-end questions and geographic-demographic data at the same time. As the survey will be spreading online it will help to reach a wide range of potential customers from different geographies in a short time. Online survey tools are cost-effective and easy to use. Moreover, these tools simplify the process of analyzing collected data afterwards. The limitation of the online survey compared to other qualitative methods (e.g. focus groups) is that there is no direct same-time connection to the respondents during the survey. However, if to consider that the targeted audience of Baku XP are tourists (and tourists to be) from different geographies, and the fact that it requests great effort to gather group of them at the same place and time, the online survey appears most relevant method to collect primary data.

Last but not least, as a part of secondary research, **SEO tools** will be used in identification of potential customers. There are SEO tools that can be used as online generators to collect available data on the internet users according to their search history. In the frames of this research, information on users searching for keywords connected to tourism in Baku and Azerbaijan will be collected. Collected information will support targeting of potential tourists according to their geographic and demographic data, as well as understanding their interests and preferences while planning their visit.

In sum, gathering and analyzing necessary data on competitors and identifying potential customer needs will lead to position Baku XP effectively against competition and shape its initial objectives.

## **II. ANALYSIS**

## **5 EXTERNAL SITUATION**

This part of the analysis covers the external environment for creation of new tourism business in Azerbaijan. The chapter is divided to three sections: in the first part PEST analyses is conducted to reveal political, economic, socio-cultural and technological situation, the second part covers competitor analysis, and the third part introduces customer analysis.

### **5.1 PEST analysis**

In this section influence of external elements such as political, economic, socio-cultural, and technological factors on tourism and environment for tourism businesses in Azerbaijan will be revealed. PEST analysis will help to understand the existing external situation, threats and opportunities for the marketing of new tourism service in Azerbaijan.

#### **5.1.1 Political factors**

For the last five years, the Azerbaijani government made significant changes toward tourism development in the country. In 2018 the Ministry of Culture and Tourism of the Republic of Azerbaijan was reformed into two separate institutions to improve public administration in culture and tourism. In accordance with the "Order of the President of the Republic of Azerbaijan" dated April 20, 2018 the State Tourism Agency of the Republic of Azerbaijan was established on the basis of the Ministry of Culture and Tourism and as per the Decree from September 21, 2018, it became the central executive body implementing state policy and regulation in the field of tourism and protection of historical and cultural monuments. (State Tourism Agency, 2018) Agreements and contracts have been signed with interstate and international organizations in order to develop the legal framework in various areas with countries cooperating in the field of tourism. Since 1992, 28 agreements, 23 of which are intergovernmental, 10 Memorandums of Understanding and 2 protocols have been signed in the field of tourism. In accordance with the Agency's tourism strategy, at the end of 2018, official tourism representations of Azerbaijan were launched in 6 countries. Representative offices opened in Germany, UAE, Saudi Arabia, China, India and Russia promote Azerbaijan's tourism potential in the country and region where they operate. (State Tourism Agency, 2018) The State Tourism Agency currently cooperates with different international organizations among which are the United Nations World Tourism Organization (UNWTO), the Black Sea Economic Cooperation Organization (BSEC), the Cooperation Council of



Turkic Speaking States, the Organization for Democracy and Economic Development (GUAM), the Economic Cooperation Organization (ECO) and others. (State Tourism Agency, 2018) At the same time, the Azerbaijani government creates favourable conditions for the development of tourism by attracting investment to the country and simplifying state inspections. (State Tourism Agency, 2018)

Another important decision toward the development of tourism in the country was simplification of visa procedures for internationals. According to the Decree “On simplification of electronic visa issuance and creation of "ASAN Visa" system” by the President of the Republic of Azerbaijan dated June 1, 2016 “ASAN Visa” system was established to ease the visa issuance procedure for foreigners and stateless persons seeking to come to Azerbaijan.. (Asan.gov.az, 2017) Currently, “ASAN Visa” system operates in two directions:

1. Electronic visa issuance through the portal of [www.evisa.gov.az](http://www.evisa.gov.az)

Depending on the applicant's choice, electronic visas can be issued within 3 days (standard visa) or 3 hours (emergency visa). Generally, the electronic visa is provided to citizens of 94 countries through the portal.

2. Provision of visa issuance upon arrival at International Airports of Azerbaijan.

Through this system visas are issued to citizens of 14 countries upon arrival - Bahrain, UAE, Saudi Arabia, Malaysia, Oman, Singapore, Japan, China, Qatar, Kuwait, Iran, Israel, South Korea, and Indonesia, as well as foreigners holding valid residence permits of GCC countries. (Evisa.gov.az)

At the same time, there are a number of countries citizens of which have the right to enter the territory of Azerbaijan without a visa for up to 90 days - Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russian Federation, Tajikistan, Ukraine, Turkey. (MFA.gov.az)

As a result of implemented strategies and realization of tourism development policy, the number of tourists visiting Azerbaijan significantly increased. To demonstrate, the number of foreign visitors visiting Azerbaijan in January 2020 increased by 35,000 or 18.1% compared to January 2019. And 5,000 more foreigners came to Azerbaijan in January 2019, which is 3% more than in the same period of 2018. (Tourism.gov.az) As per the records of State Border Service, most visitors come to Azerbaijan from Russia, Georgia, Turkey, Iran, Middle East (mostly from Saudi Arabia and Kuwait), Central Asia, India and Pakistan.

In general, tourism priorities of Azerbaijan are formed from five main sources:

- Azerbaijan (needs of local tourism);

- Neighboring countries, including Turkey, Iran, Georgia and Russia;
- Countries in the Persian Gulf region, including Saudi Arabia, Bahrain, Kuwait, Iraq, Oman, Qatar, and the United Arab Emirates;
- Commonwealth of Independent States (CIS), including Kazakhstan, Ukraine and Uzbekistan;
- Mass tourism countries, including Canada, China, the European Union, India, Japan, South Korea, and the United States. (Strategic Road Map, 2016)

### **5.1.2 Economic factors**

In 2015 the economic situation in Azerbaijan has been shaken by two devaluations in a row, which also showed consequences on tourism and the business environment. After the first devaluation in February 2015, national currency manat depreciated by 34% against US dollar. Just in 10 months after that, manat could not withstand the pressure and was subjected to a second depreciation. This time the reduction rate was even higher - 47%. (Banker.az, 2018) As per the experts, the main reason for devaluation was that the bulk of the country's exports fell to oil and oil products, and as there was a sharp drop in oil prices on world markets (from \$120 to \$25), it led to the sharp decline in the inflow of foreign currency into the country. (Banker.az, 2018) As a result, for the last five years the government of Azerbaijan increased attention to the development of the non-oil sector in the country to decrease dependence on the oil industry. As such, the development of the tourism sector was and remains an attractive and effective option for economic recovery and for the greater sustainability of the Azerbaijani economy. (Hashimli, 2019) Specialized tourism was identified as one of the priorities in the development strategy of the national economy in the “Strategic Road Map for the development of the specialized tourism industry in the Republic of Azerbaijan” approved by the Decree of the President of the Republic of Azerbaijan from December 6, 2016. (Strategic Road Map, 2016) The mentioned document suggests separate strategic models for the development of tourism infrastructure in the country to be implemented until 2020, 2025, and the period after 2025 accordingly. (Strategic Road Map, 2016) As a result of the devaluation, many small hotels and travel agencies operating in the private and public sector were forced to close. Brand and expensive hotels being also affected by the situation still didn't reduce the prices sufficiently to meet the price requirements of all visitors. (Report.az, 2016) One of the most important points in the strategic vision that aimed to solve the situation was redirecting foreign investment in small

and medium businesses operating in the tourism, including the creation of relatively cheap accommodation as 2 and 3-star hotels and hostels, the organization of low-cost airlines and entertainment enterprises. (Strategic Road Map, 2016)

If to look at the statistical data, it can be seen that after the devaluation of 2015 the number of employees working in areas typical for tourism in Azerbaijan in 2016 decreased by 12%. However, the result of the implementation of directions of approved strategic vision also showed itself on the growth by 18.3% of tourism workers in the country by 2018. (Tab 2., Stat.gov.az)

On the other hand, experts see the positive impact of the devaluation of the national currency on tourism flow in Azerbaijan, as the local market has become cheaper for foreign tourists it attracts more visitors. (Report.az, 2016) Income earned by travel agencies and tour operators in the country from tourists increased by 35.3% from 2015 to 2018. Number of tourist vouchers sold to foreigners and stateless persons for travel in the territory of Azerbaijan was 1 918 in 2015, and reached 6 768 in 2016 and was not below 6 000 units since. Total worth of these vouchers amounted 812.3 thousand manat in 2015, by 2016 it increased 7 times and reached 5 640.9 thousand manat, and by 2018 the vouchers earned 15 times more than in 2015, which was 12 482.6 thousand manat. (Tab 2., Stat.gov.az)

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of employees working in areas typical for tourism (people)	49 449	43 477	46 837	53 222
Income earned by travel agencies and tour operators (thousand manat)	36 482.2	36 758.3	41 034.2	56 439.4
Number of tourist vouchers sold to foreigners and stateless persons for travel in the territory of Azerbaijan (units)	1 918	6 768	6 604	6 139
Worth of tourist vouchers sold to foreigners and stateless persons to travel in Azerbaijan (thousand manat)	812.3	5 640.9	11 285.0	12 482.6

Table 2. Key indicators for tourism sector in Azerbaijan (Source: withdrawn from State Statistical Committee data)

Despite the fact that local economic situation and governmental measures positively affect development of tourism and small tourism businesses, the macroeconomic environment in years 2019-2020 has a devastating effect on the tourism industry. The worldwide outbreak of COVID-19 pandemic has brought the world to a standstill and as The World Tourism Organization (UNWTO) has stated tourism has been the worst affected of all major economic sectors. (UNWTO official website)

According to UNWTO's early estimates at the beginning of pandemic, global international tourist arrivals could decline 20-30% in 2020 as compared to 2019. This could translate into a loss of US\$300-450 billion (€270- 407 billion) in spending by international visitors (international tourism receipts). In comparison, the SARS outbreak of 2003 led to a decline of just 0.4% that year. (Europarl.europa.eu) The near-universal introduction of travel restrictions during pandemic led to a fall of 97% in international tourist arrivals in April 2020. This followed a 55% decline in March. Between January and April 2020, international tourist arrivals declined by 44%, translating into a loss of about US\$195 billion in international tourism receipts. (UNWTO official website)

In June, UNWTO announces potential impact of COVID-19 on tourism in 2020 as: 850 million to 1.1 billion fewer international tourist arrivals, US\$910 billion to US\$ 1.2 trillion loss in export revenues from tourism, 100 to 120 million direct tourism jobs at risk. (UNWTO official website)

Moreover, UNWTO set out three possible scenarios for the tourism sector in 2020. These point to potential declines in overall international tourist numbers of 58% to 78%, depending on when travel restrictions are lifted. (Fig.7)

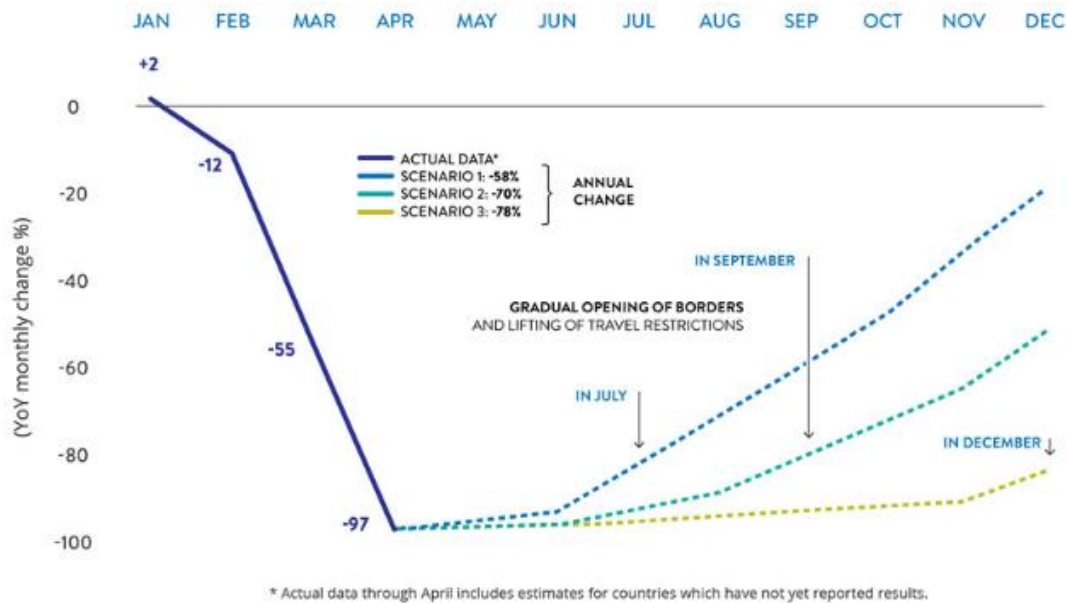


Figure 7. International tourist arrivals in 2020: three scenarios (Source: UNWTO, June 2020)

Azerbaijan as the rest of the world also applies travel restrictions on traveling to and out of country and they are in force until August 31, 2020. (Tourismboard.az) It is difficult to estimate the full impact of COVID-19 on the tourism economy in Azerbaijan particularly, due to the current evolving nature of the situation.

### 5.1.3 Social and cultural factors

Azerbaijan is located at the crossroads between East and West with its capital Baku having modern infrastructure and ancient rich historical sites and with regions encompassing fascinating nature. (Strategic Road Map, 2016) To fully realize Azerbaijan's potential for tourism the government supports initiatives to develop tourism products in the directions such as cultural tourism, mountain and winter tourism, beach tourism, eco-tourism, hunting tourism, sports tourism and business tourism. (Strategic Road Map, 2016) The statistic development shows that the vast majority of tourists come to the country for leisure and business tourism purposes. (Tab.3) There is the newly created category "Visiting friends and relatives" coming up to take third place. Another interesting development observed is the increasing number of tourism for medical purposes, which is mainly affected by the establishment of tourist infrastructure in the recreation zones of Azerbaijan. (Hashimli, 2019)

	2015	2016	2017	2018	2019
Total foreign visitors for tourism purpose	1 921.9	2 044.7	2 454.0	2 605.3	2 863.5
Leisure, recreation	668.8	697.1	839.3	1 042.4	1 164.0
Business	632.3	691.7	834.4	787.4	850.5
Visiting friends and relatives	542.0	562.0	674.9	651.6	719.9
Medical tourism	36.5	41.5	49.1	63.1	63.9
Religious	11.5	12.6	14.7	15.3	16.6
Other tourism purpose	30.8	39.8	41.6	45.5	48.6

Table 3. Breakdown of foreign citizens arriving in Azerbaijan by the purpose of trip, in thousand persons (Source: State Statistical Committee)

Demand for tourism products in the category of leisure tourism varies by countries the incoming tourists represent. European tourists prefer cultural tourism mainly, while tourists from the Middle East opt for the city tour, shopping, and hunting tours. Cultural and religious closeness also affect tourism destination. (Strategic Road Map, 2016) Top ten arrivals both in business and leisure purposed categories are from neighboring and Muslim majority countries. (according to the data from State Statistics Committee, 2019).

No	Leisure, recreation		Business	
	Country	Visitors	Country	Visitors
1	Russia	391 728	Georgia	179 605
2	Georgia	148 369	Turkey	99 257
3	Iran	128 990	Russia	74 815
4	Turkey	108 306	Iran	59 735
5	Saudi Arabia	72 687	Iraq	29 814
6	UAE	49 429	India	28 699
7	India	31 251	Pakistan	28 548
8	Kuwait	22 379	Saudi Arabia	26 441
9	Ukraine	20 045	Ukraine	26 196
10	Turkmenistan	15 851	Turkmenistan	24 942

Table 4. Top 10 visitor arrivals in Azerbaijan by purpose of trip in 2019 (Source: State Statistical Committee)

As per the words of Goydeniz Gahramanov, member of the board of the Azerbaijan Tourism Association, visitors coming from neighboring countries see Azerbaijan as tolerant and safe place to go for family recreation, representatives of Muslim countries also consider common Islamic culture. Tourists from Iran come to Azerbaijan mostly during Nowruz for the celebrations of common holiday. (Bizimyor.info, 2017)

The reason for the fast development of business tourism in Azerbaijan is favorable conditions created for MICE (Meetings, international conferences, and events) tourism, which includes travels abroad for business purposes, and is an important part of tourist inflow. (Strategic Road Map, 2016) In order to promote tourism to Azerbaijan, starting from 2010 the government engaged in image-making campaigns to host major international events. (Hashimli, 2019) Azerbaijan hosted the 2012 Eurovision Song Contest in Baku, in regard of which more than 45 000 tourists visited the country. (Trend.az, 2012) In June, 2015 Baku hosted the first European Games, during the games month 170,000 foreign tourists in total arrived in Azerbaijan, including more than 6 000 athletes from 50 European countries and 28 000 spectators of the Games. (Azernews.az, 2015) This does not count over 500 international professionals working for the delivery of the games and their families living in Baku in 2014-2015. Another big scale sports event, the 4<sup>th</sup> Islamic Solidarity Games was held in Azerbaijan in 2017 hosting 3 000 athletes from 54 Muslim countries and presenting Azerbaijan as a new tourism destination to the Islamic countries. (Azertag.az, 2017) The major event that aims to bring more tourists in Azerbaijan from all over the world each year is Formula 1 races held in Baku annually starting from 2016. As with many other large international sporting events, F1 races bring to their host countries more foreign visitors, increased length of stay, and increased spending - at large hotels and attractions as well as local businesses. (Strategic Road Map, 2016) In 2017, the number of foreign fans coming in Azerbaijan doubled in comparison to 2016, while in 2018, the increase was 35%. In 2016, the Azerbaijan Grand Prix was attended by people from 42 countries, in 2017 - from 65 countries, and in 2018 - from 78 countries. (Vestnikkavkaza.net, 2019) As Azerbaijan Grand Prix become a fan favorite and the contract to host the race extended till 2023 even more spectators expected to visit the country next years. (Usatoday.com, 2019) As Bahruz Asgarov, Deputy CEO at Azerbaijan Tourism Board, maintains, the goal is to increase Baku's tourist importance through Formula 1 and find mechanisms to increase the length of

stay in Azerbaijan during the races. As per his words, currently, the tourists who arrived at the Azerbaijani Grand Prix spend 3-4 days in the country, and the Tourism Board applies new marketing strategies, strive to extend this period. (Vestnikkavkaza.net, 2019)

It can be concluded, that Azerbaijan aims to be known for leisure and sports tourism. Building upon its existing massive-scale organizations, Azerbaijan will pursue to host more music festivals, international cultural events and sports tournaments. (Strategic Road Map, 2016) Thus attract more visitors from a variety of social and cultural backgrounds.

#### **5.1.4 Technological factors**

Fast-changing technology and the growing role of the Internet in human life opens new opportunities for businesses every day, especially those involved in tourism. Use of technology in the travel industry has come a long way during the last decade due to the use of mobile applications and rising penetration of the Internet. The process for travel booking has experienced a significant shift from physical to web bookings, and now mobile platforms. (Kenneth Research, 2020) Evolving consumer attitudes are driving the increasing power behind the online travel industry. All destinations, whether identified as technologically advanced or still a developing economy are gradually adapting to online travel trends. (Research and Markets, 2019)

One fifth of U.S. travel is now booked through online tourism agencies (OTAs). (Jong, 2020) One of the fast-growing digital travel markets is the Middle East, where currently only around one-third of travel bookings are online. The online share of global travel sales nears 50% and is projected to increase further over the next several years. (Research and Markets, 2019)

Travelers can now generally handle all aspects of the booking and travel planning themselves online. Pre-booking, arranging accommodation, hotels, transport, in-destination navigation and post vacation reviews highlight that the 21st century traveler is not only more independent, but also more powerful than ever before. (Research and Markets, 2019) This dynamic becomes the reason for creation of more digital travel entities and expansion of existing ones. The key players of global online travel market are Expedia Inc. (US), Booking Holdings Inc. (US), TripAdvisor Inc. (US), Ctrip.com International Ltd (China), FlixBus GmbH (Germany), Ryanair DAC (Ireland), Thomas Cook Group PLC (UK), MakeMyTrip (India) Pvt. Ltd (India), Alibaba Group Holding Limited (China), Airbnb Inc. (US) and eDreams ODIGEO SA (Luxembourg). (Kenneth Research, 2020)



By growth of online travel market, also grows competition in it. Starting from 2014 World's largest travel review portal TripAdvisor started its gradual transition into a full service OTA. First, the company applied the Instant Booking, allowing users not only review and rate hotels, but also book them on the TripAdvisor platform itself with the "Book with TripAdvisor" option, as against visiting the hotel or OTA website to complete the booking process, after searching for hotels through TripAdvisor. (Forbes, 2015) Currently, the travelers can book hotels and rentals, flights, restaurants, as well as tours and activities through TripAdvisor. 2017, the company reported that tour and activity bookings are its fastest-growing revenue stream, accounting for about 50 % of their non-hotel revenue. (Darboe, 2019) TripAdvisor Experiences was offered by the company for travelers to search and book the best tour and activity experiences in their destinations. At the basic level, TripAdvisor Experiences is marketed toward tour and activity providers who want to sell products or services directly to travelers looking for things to do in a destination. (Darboe, 2019) TripAdvisor Experiences is basically Viator platform - one of the largest tour and activity online sellers, that was acquired by TripAdvisor in 2014 and was recently rebranded. (Darboe, 2019)

With the rise of experience tourism and trend of travelers seeking out the cultural landscapes at destinations (Quintanilla, 2018), grows the number of Viator-like platforms. Major activity booking platforms like Regiondo and Musement, experience booking sections of global OTA's like Lonely Planet, Airbnb and Booking Holdings is being new opportunity for small activity provider companies reach wider audiences.

With the global outbreak of COVID-19 pandemic, ubiquitous travel bans and people being locked at their homes for the long time, Internet became a natural habitat, online replaced reality. As people acquired new behaviors related to the use of the Internet during this time, it can be assumed that in post-pandemic world the share of online businesses will only increase. And travel deprivation for a long time will stir up a new need for tourism products. Azerbaijan is one example of a destination adapting to the new situation with the help of technology. With an aim to continue to deliver a world-class tourism destination in the post-pandemic world Azerbaijan Tourism Board (ATB) has undertaken several initiatives to support the local tourism and hospitality industries. (Tourismboard.az, 2020) The board already had two platforms – "azerbaijan.travel" and "salambaku.travel" created long before pandemic with the purpose to promote Azerbaijan as a destination and ease tourist choices for spending quality time in here. During the lockdown virtual tours to historical sites of Baku, cultural programs via local concert and exhibition halls was provided through

“salambaku.travel” platform. The board also announced the launch of Azerbaijan 101, an e-learning platform designed to aid the training and development of travel agents and representatives across the global tourism industry. (Tourismboard.az, 2020) Another project of ATB became a nationwide campaign called SAHMAN (meaning “immaculateness”) which was set to elevate Azerbaijan’s existing health, safety and hygiene standards, with public and private stakeholders encouraged to adopt even better practices in their businesses, in the interest of safeguarding public health and supporting the regrowth of the industry. (Tourismboard.az, 2020)

It should be noted that despite the all-encompassing nature of the Internet, the use of it is not the last stage in the implementation of technologies in the tourism industry. According to studies, the influx of big data and other complementing technologies such as automation and augmented and virtual reality (AR/VR) is expected to create opportunities for travel agencies. (Kenneth Research, 2020) In 2017, Travelsoft Group specialized in building software for the travel industry acquired Sepage, an AI tools and travel data marketing service. This acquisition is expected to bring artificial intelligence to the travel and tourism industry. (Kenneth Research, 2020)

## **5.2 Competitor analysis**

This section of external factors will cover competitor analysis - integral part of marketing planning, that identifies main businesses sharing the same market with suggested service. As suggested service will operate for the incoming tourism in Azerbaijan, any other entities providing same or similar type of service for incoming visitors can be considered equally as competitors as well as stakeholders in promotion of the destination. Besides business and marketing profiles of these entities, competitor analysis is also focused on the gaps they have both in the market strategies and implementation of promotion function of the destination. As the suggested service is an e-commerce type of business competitor analysis includes mainly an overview of the same type entities or those with an overwhelming share of online marketing. The competitors are divided by three principles: **direct competitors** with the same services and same benefits, **indirect competitors** with similar services and different benefits, and **substitutes** with unrelated services that can substitute for suggested service. Competitor analysis includes following: who is the competitor, what same or similar service it provides, what is the target audience of it, what is its pricing strategy, processes and policies involved in customer relations, what is the competitors marketing activities and

communication strategy, its brand look and design, its competitive advantage in terms of differentiation, cost or marketing, strengths and weaknesses of the competitor.

### **5.2.1 Direct competitor analysis**

Direct competitors of the company are local experience tourism businesses gathering, creating and providing authentic activities and things to do in Baku and Azerbaijan on one platform for incoming tourists to purchase them. Good news is, not many companies in the tourism market in Azerbaijan fits this profile with the exact given criteria. However, there are three main entities able to compete for the same market with the same services directly: **Competitor A.** BakuSightseeing.com by Pasha Travel, **Competitor B.** Baku-tours.com by Baku Explorer, **Competitor C.** Nasimi's Wine tours (winetour.az).

**Competitor A.** BakuSightseeing.com by Pasha Travel

#### ***Overview of competitor***

BakuSightseeing.com introduces itself as Azerbaijan's first online tour booking platform. The platform operates under PASHA Travel LLC, itself founded in 2003 as a division of PASHA Group, Azerbaijan's largest holding company that's also involved in real estate, construction, insurance, and banking. Team of BakuSightseeing.com consists of young tour guides that participated in the "Guide Me in Baku" training initiative, started by PASHA Travel together with the Azerbaijan Tourism and Management University (ATMU).

#### ***Proposition***

The platform suggests 20 tours and 4 transfer services – from the airport, in the city, to Gabala city and to Tbilisi, Georgia. Most popular tours among suggested are - "The legend of flame" tour through ancient Zoroastrian temples in Baku; "Walk and wine" tour in medieval city parts with talks about Sufi culture and local wine tasting; "Baku's inner courtyards" walk; "Explore with Cellar door" author tour by popular blogger to discover old doors in the city; "Old city walk"; "Gobustan rock drawings" trip to Gobustan - stone-age cave dwellings and the petroglyph site within; "Baku city panoramic tour". Other tours include – "Traditional Bazaar", "Baku Metro tour", "Baku by night tour", "Let the tea come! Chaykhana crawl" (tea house crawl), "The legacy of oil barons tour", as well as day trips to regions like Lahic, Gabala, Lankaran, Astara, Qakh, Ismayilli.

#### ***Target Audience***

Based on the all communication channels, tone and content of messages BakuSightseeng.com targets internationals seeking for the tours mainly, however locals are

also welcomed to join. Even though the platform does not target the audience by specific demographic factors, it provides tours in 15 foreign languages (Arabic, Chinese, Czech, English, French, German, Greek, Hebrew, Indian, Italian, Persian, Russian, Spanish, Turkish, Urdu) and Azerbaijani. Foreign languages most tours suggested in are Russian and English, which means the audience of them supposed to be from Russian speaking neighboring countries and other internationals. Social media channels of the platform deliver messages understandable only to the local audience by content, which allows to assume that locals make up a significant portion of its audience.

### ***Pricing strategy***

The price filter on the platform suggest to search for prices till 200\$. Prices for all available services range from 12\$ to 60\$ per person. The cheapest service offered is Airport transfer for 7\$, the most expensive ones are “The legend of flame”, “Gobustan rock drawings” and trips to the regions.

### ***Processes and policies***

Some of the suggested tours are available for individual booking for the fixed price, the others are for groups. Mainly, trips outside of Baku have minimum attendance requirements, and if not enough participants join, the cost for the tour is divided into the number of actual attendees, which means higher prices per person. There are fix departure suggestions available for some tours and last minute slots to book by phone.

The payments for tours are made online with credit card. The platform applies flexible cancellation policy - full reimbursement for cancellations 24 hours before the tour the latest.

### ***Marketing and communication strategy***

Being an e-commerce entity BakuSightseeing.com leads its marketing via digital tools with a concentration on its web - the platform itself. The major share of the business’s marketing communication goes through its parent company - Pasha Travel's web page (as part of the menu and web banner) and its social media channels (ad posts every week). The company also has own social media pages, but with noticeably small number of followers: Facebook (833), Instagram (1406), Pinterest (0). However, for some tours they gather audience through Facebook events. The company also sells tours through its business accounts on Lonely Planet and TripAdvisor – its main channels oriented to attraction of international tourists. Tours by BakuSightseeing.com have positive reviews on TripAdvisor (35 reviews, 5 stars out of 5) and good ranking (No16 of 117 outdoor activities in Baku). The name of the platform is chosen successfully for online marketing. The website of BakuSightseeng.com appears in the second line of organic search results for “Baku sightseeing” in search engines,

right after Wikipedia page of Baku. The company also has an agreement with Baku Card – the official city card of the capital and provides 10% discounts for all tours to the card holders.

### ***Brand look and design***

The design of the platform is basic, but includes all necessary information and is easy to navigate. However, some pictures at the pages reload very slow or don't open due to high sizes. Social media pages of the company don't adhere to the certain style, which spoils the whole image. Logo of the company is also poorly made. It contains the symbol of heart, name and main colors of the flag of Azerbaijan put together in a manner out of design rules – it's not readable, does not go with any fonts on the website and its colors do not match on the color wheel.



Picture 1. Logo of BakuSightseeing.com (Source: Google Images)

### ***Competitive advantage***

One competitive advantage is time, BakuSightseeing.com is first in the market and it gives them the privilege to establish original tours on existing local experiences. The other companies providing the same type of activities would look like repeaters. The main competitive advantage is marketing power of its parenting company Pasha Travel. Brand awareness of Pasha Group is very high in Azerbaijan, the power of its name can open many opportunities for its daughter company. As well as financial support of Pasha Travel allows BakuSightseeing.com either to invest in marketing or exist without a profit stream for a long time.

### ***Strengths***

Multilingualism of the tour guides and willingness to provide tours for many country representatives.

Financial investment of the parenting company.

### ***Weaknesses***

Inconsistent targeting. Some of the channels of the company are oriented to internationals, the others to locals.

Brand look and design.

## **Competitor B. Baku-tours.com by Baku Explorer**

### ***Overview of competitor***

Founded in 2015, Baku-tours.com by Baku Explorer presents itself as the first tour operating company in Azerbaijan to offer a hassle-free online booking system and handcrafted experiences. Baku Explorer itself is the informative source and trip organizing portal, that suggests up-to-date information on every aspect of travel planning to Azerbaijan, including visa procedures, cost-effective accommodation, dining facilities, things to do and even what jobs can be found in the destination. One of the main goals of the company is to deliver authentic local spirit in the frame of responsible tourism principles. The team of Baku-tours.com consist of the founder and business developer, two tour guides and a content manager. The company has 4 awards, including certificate of excellence from TripAdvisor, awards of Luxury Travel Guide, Travel & Hospitality, and FreeTour.com.

### ***Proposition***

Baku-tours.com offers group or private tours, airport transfer and one free walking tour in Baku. In total the company suggests 16 tours in Baku, and 2 tours to regions – Gabala and Sheki. The most demanded tours are “Ultimate Gobustan and mud volcanoes tour”, “Mystic Ateshgah and Burning Mountain tour”, “Candy mountains trip”, “Fireland Winery tour”, “Azerbaijani cuisine workshop”. The company also has tours like – “Half-day Baku city Sightseeing tour”, “Full day Baku layover tour”, “Baku night tour”, “Absheron Peninsula historical tour”, “Pub crawling”. What’s outstanding about Baku-tours.com, it gives the users a chance to get customized tours, by writing about themselves and describing the expectations from visiting Azerbaijan any customer can get a tour designed especially for him/her.

### ***Target Audience***

Baku-tours.com is mainly oriented to first time visitors and expats. All of its tours are in English targeting any internationals, some of tours provided in Russian and not officially in Turkish, serving expectations of Russian, Russian speaking and Turkish guests. It is also visible that the company targets visitors from all age groups and families as well, as there are options to choose adults (18+), children (6-17) and infants (0-5) as tour participants.

### ***Pricing strategy***

In general, Baku Explorer adheres to a cost-effective travel strategy. Pricing strategy of Baku-tours.com also fits this principle. As per the price filter on the platform, the prices for tours vary between 0\$ (free tour) and 359\$. The cheapest tour, after free city walk, is “Baku night tour” for 29\$ and the most expensive one is 2 days and 1 night tour to Sheki - 359\$

including accommodation. The prices for one-way airport transfer is 25\$ for 1 pax and 40\$ for 2-3 pax.

Additional service prices are 5\$ for pick-up from hotel and 18\$-100\$ for meal.

### ***Processes and policies***

Tours of Baku-tours.com do not include pick-ups and meal. It can be specified during booking if the customer wants these extra services for additional payment. No requirement for minimum number of participants applied for the group tours, however, the maximum number shouldn't exceed 15. The platform accepts online payment via PayPal or cash payment on delivery. Cancellation of booking or rescheduling is possible via email.

### ***Marketing and communication strategy***

Mission statement of Baku-tours.com says that they deliver authentic local spirit through their handcrafted experiences with dedicated personal approach. They carry this message in all of their marketing activities online. The main marketing channels of the tours are global travel platforms like TripAdvisor, LonelyPlanet, Get your Guide, Expedia. They have positive reviews on TripAdvisor (4.5 out of 5 stars in 166 reviews) and ranked as 10th in 254 tour listings in Baku. In each of the travel platforms "Mud Volcanoes tour" by the company is among the first results for activity search in Baku and has a high demand. The company's website is the secondary platform for booking its activities. However, informative and interesting blog posts by Baku Explorer keeps attention on their website, even if the visitor reaching them didn't browse for activities to book in the first place. The name and content of Baku-tours.com is optimized for being quickly found on search engines, currently it is at the 2nd line of organic search results for "Baku tours" search, after TripAdvisor suggestions in the first row. Baku-tours.com does not have separate social media presence, however Baku Explorer communicates its tour project actively on its own pages on Facebook (2330 followers) and Instagram (155 followers).

### ***Brand look and design***

The web page of Baku-tours.com designed in minimalistic way, with the important information placed at the most visible parts of it. For instance, the differentiating service of the company - "Design your dream tour" option is placed in the first order on the menu of the page, which helps to understand immediately what the company is all about. Navigation of the page is very easy and quick. The important issue is a technical error on the booking pages, which does not allow to select the number of packages needed. There are just two colors used in design – yellow and orange-red which creates positive atmosphere. However, the pictures from past tours put on the page are lackluster. The logo of the brand is very

simple - just the name of company followed by logo of Baku Explorer. Overall, the design on the page looks slightly amateur.



Picture 2. Logo of Baku-tours.com (Source: Google Images)

### ***Competitive advantage***

Main competitive advantage of the company is its service quality and customer oriented approach. The experience in the field and adaptability makes the company harder to compete with.

### ***Strengths***

Brand awareness and positive customer feedback.

Positioning as authentic local and handcrafted experiences.

Personalized tours.

### ***Weaknesses***

Limited variations of activities, repetitiveness in tour design.

Brand look and design.

## **Competitor C. Nasimi's Wine tours (winetour.az)**

### ***Overview of competitor***

As per their introduction, founded in 2018, "Nasimi's Wine tours" is the first wine tourism company that specializes in wine tours in Azerbaijan. The founder of the company and business developer is young tourism professional from Azerbaijan Nasimi Sadigzade. The company is operated by him and small group of enthusiasts.

### ***Proposition***

The company offers wine tours that involve day trips and a 1-night tour, also multi-day tours in Baku, Shamakhi, Aghsu, Ismayilli, Qabala, Ganja. Moreover, they offer combined wine tours at Azerbaijan and Georgia. What differentiates "Nasimi's Wine tours" is that they take guests to local families to try authentic meals instead of touristic dining restaurants. Apart from wine tours, the company offers a combination of wine tours with golf, shooting, ethnic master classes (cooking, pottery, carpet weaving, and blacksmith), wine crawl, and culinary tour of Azerbaijan.



Additional services by the company include: airport transfers, corporate events, group tours, MICE, B2B cooperation, visa assistance, accommodation assistance.

### ***Target Audience***

Main audience of the company is 18+ individuals, wine lovers, incoming visitors, as well as businesses. Local wine enthusiasts also can join the tours. All communication channels of “Nasimi’s Wine tours” are mainly in English with according Russian translation.

### ***Pricing strategy***

The price range for “Nasimi’s Wine tours” is between 30\$ to 1600\$. The cheapest tour is “Wine crawl in Baku” including visit of 3 wine bars for price starting at 30\$, and the most expensive ones are 3-days “Ultimate culinary and wine tour Azerbaijan” and “Wine trip Caucasus” in Azerbaijan and Georgia starting from 420\$. Almost all the tours include in the price premium wine bottles as a present for attendees.

### ***Processes and policies***

Company’s tours don’t have minimum attendance requirement, however, the ideal number of people participating change between 3-10 people for different tours. If the tours are attended by low number of people, they pay much higher than the starting price. However, the company always include pick-up and drop-off of its tour participants. The payment methods available are - credit card, bank transfer and cash on delivery.

“Nasimi’s Wine tours” applies strict cancellation policy, for the cancellations up to 7 days before the tour there is a 100% amount refund, 3-7 days before the start - by 70%, 1-2 days – by 50%.

### ***Marketing and communication strategy***

The mission statement of the company is "To provide customers with high-quality wine tours that bring together nature, culture, and national cuisine of Azerbaijan." To market its wine tours to internationals the company combines them with different authentic activities like cooking at local’s place, pottery making, carpet weaving, blacksmith, etc. Main communication and distribution channels of the service are popular travel booking platforms like TripAdvisor, Viator, Lonely Planet, Expedia, Get your guide. “Nasimi’s Wine tours” is on the 7th place among 71 “Food and drink” in Baku listings on TripAdvisor and reviewed positively on all platforms. The website of the company combines informative resource about wine culture in Azerbaijan with tour booking platform. There is an interesting blog about wine on the website with articles written by internationals mainly. Availability of direct chat option on the website is an advantage of customer service. The other communication channel of the company is social media – Facebook (548 followers),

Instagram (358), LinkedIn (88). At the search engines the company appears on the first page of results for keyword “Azerbaijani wine”. The company also has a coverage in local news portals in English.

### ***Brand look and design***

A simple logo with symbol of wine glass and “roots” in burgundy is the only brand design element of the company. Webpage of “Nasimi’s Wine tours” is very basic, containing all the necessary information for visitors. The page is available in English and Russian. On the other travel platforms, the company uses only logo as identity element and photos from previous tours.



Picture 3. Logo of “Nasimi’s Wine tours” (Source: Google Images)

### ***Competitive advantage***

The main competitive advantage of the company is its narrow specialization on a niche product. The company concentrates its activities and marketing around wine tourism in Azerbaijan.

### ***Strengths***

Brand differentiation built on the narrow specialization and value of local authenticity.

Customer service

Multiple communication and distribution channels with positive reviews.

Good connections with stakeholders in wine sector all over the country and Georgia.

### ***Weaknesses***

B2B targeting is poorly represented in the marketing activities.

Strict cancellation policy.

Brand look and design.

	<b>Competitor A</b> BakuSightseeing.com	<b>Competitor B</b> Baku-tours.com	<b>Competitor C</b> Nasimi's Wine tours
<b><i>Overview of competitor</i></b>	BakuSightseeing.com is online tour booking platform, that operates under PASHA Travel.	Baku-tours.com by Baku Explorer is tour operating company offering handcrafted experiences.	"Nasimi's Wine tours" is tourism company that specializes in wine tours in Azerbaijan.
<b><i>Proposition</i></b>	20 tours and 4 transfer services. Directly related to our offer – Wine and Bazaar tours.	16 tours in Baku and 2 - in regions, airport transfer and one free Baku walking tour. Directly related to our offer - Wine tour, Cuisine workshop, Pub Crawling.	Day trips, a 1-night tour, multi-day tours in Baku and regions, wine tours at Azerbaijan and Georgia, airport transfers, corporate events, MICE. Directly related to our offer – Wine tours, wine tours with ethnic masterclasses(cooking, pottery, carpet weaving, and blacksmith), culinary tour.
<b><i>Target Audience</i></b>	Inbound tourists and locals, B2C	Incoming tourists and expats, B2C	18+ individuals, incoming visitors and locals, B2B
<b><i>Pricing strategy</i></b>	Tours between 12\$-60\$ per person	Excluding a free tour, prices are 29\$-359\$ per pax	Between 30\$ to 1600\$ per person depending on tour and number of attendees.
<b><i>Processes and policies</i></b>	Individual and group booking, minimum attendance requirement,	Pick-ups and meal for additional fee, no minimum	No minimum attendee requirement, ideal 3-10 people, pick-up and drop-offs included,

	flexible cancellation policy up to 24 hours before the tour.	attendance requirement, maximum - 15 people. Easy cancellation via email.	strict cancellation policy.
<b><i>Marketing and communication strategy</i></b>	Web-page, Social media - Facebook (833), Instagram (1406), Pasha Travel's web and social media pages, Lonely Planet and TripAdvisor (No16 of 117 outdoor activities in Baku, 35 reviews), SEO, cooperation with Baku Card including 10% discount.	Main marketing channels - TripAdvisor, LonelyPlanet, Get your Guide, Expedia and own web-page. On TripAdvisor No10 in 254 tours in Baku, 166 reviews. Informative and controversial blog at Baku Explorer, SEO, Social media – Facebook (2330), Instagram (155).	Main communication and distribution channels of the service are TripAdvisor, Viator, Lonely Planet, Expedia, Get your guide, own web page with direct chat option for customer service. On TripAdvisor No7 of 71 “Food and drink” in Baku, Social media - Facebook (548), Instagram (358), LinkedIn (88), SEO, Blog on wine and wine culture in Azerbaijan. Coverage in local news portals in English.
<b><i>Brand look and design</i></b>	Basic website, easy navigation, slow loading of pictures, bad logo.	Minimalistic warm colored web, bad quality of pictures, errors on booking page, simple logo.	Basic web-site in burgundy, medium logo design.
<b><i>Competitive advantage</i></b>	Marketing power of its parenting company Pasha Travel, its brand	Service quality and customer	Narrow specialization on a niche product – wine.

	awareness and financial support.	oriented approach. Adaptability.	
<b>Strengths</b>	Multilingualism of the tour guides; Financial investment of the parenting company.	Brand awareness and positive customer feedback. Positioning as authentic local and handcrafted experiences. Personalized tours.	Brand differentiation built on the narrow specialization and value of local authenticity. Customer service Multiple communication and distribution channels with positive reviews. Good connections with suppliers.
<b>Weaknesses</b>	Inconsistent targeting. Brand look and design.	Limited variations of activities, repetitiveness in tour design. Brand look and design	B2B targeting is poorly represented in the marketing activities. Strict cancellation policy. Brand look and design.

Table 5. Analysis of direct competitors (Source: own research)

### 5.2.2 Indirect competitor analysis

Indirect competitors of the company are local tourism agencies and tour operators suggesting activities and things to do in Baku and Azerbaijan on their platform among all other directions of their businesses. As per State Statistical Committee there are around 400 registered tourism agencies and tour operators in Azerbaijan by year 2019. In the frames of this analyzes I will consider three most popular on search engines tourism agencies and tour operators in Azerbaijan providing things to do in Baku and regions – **Competitor X.** Bestbakutours.com, **Competitor Y.** Testour.az, **Competitor Z.** Guidedazerbaijan.com. As these businesses are not direct competition to our company the analyzes does not include detailed review of all their activities, just that part that cover similar services and same market.

	<b>Competitor X</b> Bestbakutours.com	<b>Competitor Y</b> Testour.az	<b>Competitor Z</b> Guidedazerbajjan.com
<b><i>Overview of competitor</i></b>	Best Baku Tours is an incoming tour agency which specialized in organizing private tours, tour packages, personal driver, transfer services, and hotel bookings.	TES Tour is an incoming tour operator and DMC specialized in the organization of nature and culture tours in Azerbaijan, as well as a retailer of tours, excursions and attraction tickets in the country.	Guided Azerbaijan is a travel company and DMC in Azerbaijan, providing guiding, transportation, and hosting services.
<b><i>Proposition</i></b>	Sightseeing, mountain-skiing, cultural, architectural tours inside Baku and regions, customizable tours. Popular: Gobustan, Mud Volcanoes tour; Absheron Peninsula tour; Baku City & Old Town tour; Baku Night City tour; Wine tasting and winery tour; trips to regions.	Group and private tours, multi-day tours, budget travel, VIP tours in Azerbaijan. Popular: Day Trip Baku group tour; Baku City private tour; Baku lights night tour; tours in different regions.	Hunting tour; Yacht tours and services; Helicopter tours; MICE; Guided and non-guided tours in Azerbaijan. Popular: Baku city tour; Absheron Peninsula tour; Absheron Castles tour; Old City tour; Baku night tour; Boat tour in Caspian; Baku Museum tour; Beshbarmag

			candy cane mountain tour. Tours available in 9 languages.
<b><i>Target Audience</i></b>	Incoming tourists to Azerbaijan, B2C	B2C, B2B, inbound tourists	Incoming tourists, B2C, B2B
<b><i>Pricing strategy</i></b>	Prices range from 35\$- to 300\$ per person depending on tour and the number of attendees. Special rate for 7+ bookings.	15\$-450\$ per person for different tours, depending on the number of attendees.	25\$-170\$ per pax for different tours, price changes for pax numbers. Prices for 4+ pax can be discussed.
<b><i>Processes and policies</i></b>	Do not include meals and extra expenses. No open information on cancellation policy.	No meals included in tours. Full refund if to cancel up to 24 hours before tour.	No meal and tickets to museums included. Stops for photographing are possible. Some tours are customizable. The company applies deposits on booking. Cancellation 30 days prior the tour loses deposit, 29-15 days – 50% tour

			cost, 14 days – nonrefundable.
<b><i>Marketing and communication strategy</i></b>	<p>Well-designed web site, Optimized for SEO tools, thanks to its name the company appears in searches for any combination of keywords “best”, “Baku”, “tours”.</p> <p>Social media presence - Facebook (653), Instagram (679), TripAdvisor (5 starts in 31 reviews, No 6 of 71 in listings “Food and Drinks in Baku”) and Google+.</p> <p>Good customer services with direct 24/7 WhatsApp and online chat available.</p>	<p>The company very actively implements its online marketing. The name of the company appears first in any search engines for keywords “Baku tour”.</p> <p>This is the result of smart optimized content of its web-site and informative blog on it, distribution channels, and social media communication. It has pages in Instagram (4054 followers), Facebook (2837), Twitter (124), LinkedIn (42), and freshly opened YouTube (2). Besides website, services of the company are distributed through LonelyPlanet and TripAdvisor, where it is No11 of 254 tours in Baku, has 856 reviews and Travelers Choice Award. The company also cooperates with travel bloggers.</p>	<p>Guided Azerbaijan distributes its services via tastefully designed webpage, where it has all options for customers to communicate with them – direct chat, links to Facebook, Vkontakte, LinkedIn, WhatsApp, Twitter, Skype, Telegram messages. The company pays extra attention to communication through social media, regularly putting up to date posts. It has business pages on Facebook (6544) with direct messaging</p>



			<p>option,  Instagram  (4099),  YouTube (59)  with creative  video promotion  of its offers,  LinkedIn (13),  Pinterest (3).  They also have  great reputation  on TripAdvisor  (No3 of 254  tours in Baku,  633 reviews,  Travelers  Choice Award)  and Google+.  They can be  found also at  tourism business  reviewer  networks as  Tourradar,  Triptipedia,  Inspirock.</p>
<b><i>Brand look and design</i></b>	<p>Web page is designed well, contains colorful and quality pictures, but reloads quick. Logo of the company is not very successful. Symbol of Flame Towers in Baku</p>	<p>Colorful website of the company with high quality pictures is well organized. The only color used by them is bright green. There is special uniforms and</p>	<p>Minimalistic and specific design of the company's web page allows for easy navigation on it. The logo</p>

	<p>is the main element of</p>  <p>it.</p> <p>Pic. 4 Logo of BestBaku Tours (Source: Google)</p>	<p>vehicles in green distinguishing the company. The logo is the same color with only minus – writing font on it, that makes the logo look clumsy.</p>  <p>Pic.5 Logo of TesTour (Source: Google)</p>	<p>of the company is also minimalistic – it contains only the name of company and symbol of Flame Towers.</p>  <p>Pic.6 Logo of GuidedAzerbaijan (Source: Facebook)</p>
<b>Competitive advantage</b>	Company's name suitable for SEO	Experience in the market, smart communication strategy	Brand awareness, original tour offers
<b>Strengths</b>	Personalized tour offers Customer service	Wide options for communication and distribution, flexible cancellation, brand image, customer service	Customizable tours, Multilingual options. Good reputation on travel platforms, good customer service.
<b>Weaknesses</b>	No open information on cancellation policy, Brand look, weak communication on social media.	Lack of original tour offers, high prices	Strict cancellation policy

Table 6. Analysis of indirect competitors (Source: own research)

### 5.2.3 Overview of substitutes

When talking about experience tourism it's important to note that travelers usually do their research on activities at destinations via Internet and there are plenty of popular travel resources online helping them in their specific search. Platforms like TripAdvisor Experiences (Viator), Airbnb Experiences, Booking Attractions, Lonely Planet Experiences, Expedia Activities, as well as Get Your Guide, Rent-a-guide, Like a Local contain thousands of deals for activities and things to do at destinations, in Baku and Azerbaijan including. These platforms per se have unrelated to our company business goals, but they can be substitute to the portal of our company at some level, as they contain numbers of activities by locals in Baku, Azerbaijan in one place and carry independent reviews on them. In this case, substitutes to our services are offers of authentic activities by individual locals (excluding direct and indirect companies). To demonstrate, there is popular on Viator and TripAdvisor cooking workshop "Homemade food from Azerbaijani granny" offered by local that invites international guests to house in Baku suburbs, where they can cook traditional Azerbaijani dishes with granny and taste it afterwards. There is highly ranked Azerbaijani local on Like a Local that suggests different walks through hidden places in Baku. These solitary offers don't have systematic approach and can't be considered as direct competitors. On the other hand, if to consider this kind of offers as an opportunity for cooperation and mentioned popular platforms as communication channels for our company, today's substitutes can turn into allies in the long run.

### 5.2.4 Main outcomes of competitor analysis

Competitive analysis was focusing on the determination of the same type of businesses as our company operating in the tourism market in Azerbaijan, and finding out if the competition is direct, indirect, or substitute. The aim was to clarify what same or similar services existing companies offer, what is their marketing and communication capabilities, and what gaps our business can fill over them. As a result, it can be concluded:

- Direct competition for our company is low, no companies exactly repeating our offers found. However, there are three modified tour operator companies with same values as us, competing for the same market with same and similar services.

**BakuSightseeing.com** has 2 repeating activities as us - Wine and Bazaar tours, and number of unique things to do in Baku. Marketing power and financial support of their parenting company opens new opportunities for them. Multilingualism is their greatest asset, however inconsistent targeting and poor brand look weakens them.

**Baku-tours.com** and Baku Explorer markets authenticity and handcrafted experiences with personal approach. Same offers as ours are Wine tour, Cuisine workshop, Pub Crawling. They suggest free tour to promote the service and distribute their offers mainly through popular travel platforms with million audiences. They consider not only incoming tourists as an audience, but expats as well. Controversial blog posts gather users from search engines to their website. However, their tours are limited and repetitive. They have amateur brand look, but it does not stop their audience from buying their quality services.

“**Nasimi’s Wine tours**” specializes in very specific offer. Their niche product Wine tour duplicates our same offer in a more dedicated way, and their activity combining wine tour with ethnic masterclasses (cooking, pottery, carpet weaving) is similar to our suggestions. The company values local authenticity and well distributed on popular travel platforms. However, instead of concentrating attention on their narrow specialization and work on brand look and growth, the company tries to enter other market with different offers (corporate events, MICE, visa assistance, accommodation assistance), which is losing strategy, considering very small team and capabilities of the company.

- Indirect competitors of our company are travel companies in Azerbaijan suggesting things to do for incoming tourists mainly in Baku and surroundings. Analyzing three popular tour operators, it can be concluded that their offers are limited to sightseeing and tours, not including authentic local activities. Which make them indirect competitors. However, these businesses are very experienced in the market, have variety of services to offer, and favorable, reliable reputation on travel platforms and search engines. Hence, it would be challenging to compete with them for the audience.
- There are popular global travel platforms on the internet, that every traveler uses before planning trips. These platforms are substitutes for our company’s web page, and offers by individual Azerbaijanis on those platforms are substitutes for services our company offers. However, if to communicate our business on those platforms and attract some of the activity suggesting individuals to our company, the substitutes would be partially eliminated.

To conclude, there is a gap for authentic and unique services in the experience tourism in Azerbaijan not fully discovered and filled by competitor companies. If to learn from the weaknesses of existing businesses, consider their strengths, and introduce new company with smart marketing strategies it can fill this gap in the long run.

## **5.3 Customer analysis**

In this section customer analysis for the suggested service will be covered. The important part of the marketing planning is to understand who are the potential market of the service and target among them accordingly. In this section three methods are used to discover potential market of our service and identify target customer profiles in it. First, the results of primary research - online survey conducted among potential buyers will be analyzed. Next, the insights of secondary data on incoming tourists from governmental institutions will be presented. Another part of secondary research shows data from SEO tools - available specifications of users that search on the Internet for keywords related to our business.

### **5.3.1 Results of online survey**

The online survey was created to gather information on tourism habits of people and their attitude toward suggested service. The survey was transmitted into Google Forms to spread it between internationals, as they have potential to become incoming tourist to Azerbaijan. The survey was using snowball sampling to reach reliable respondents immediately. The initial sampling was appointed as 200 people, but due to unexpected outbreak of COVID-19 pandemic and its destructive role on tourism industry, collection of responses was suspended. The results below are based on the answers of 57 respondents that submitted the survey before the pandemic. The survey was containing 30 questions in 6 parts:

1. Determining travel habits of respondents
2. Clarifying level of interest in similar services
3. Finding out popular communication tools that affect travel decisions
4. Identifying interest in traveling to Baku, Azerbaijan
5. Suggesting Baku XP as a novelty and identifying level of interest in the service
6. Identifying geographic and demographic background of the respondents

The results of each question in each part will be considered separately and the main outcomes of the overall survey will be presented in the end.

#### **5.3.1.1 Determining travel habits of respondents**

This part of the survey reveals general travel habits of respondents – how often they travel and how choose destinations, who helps them with planning, how much time they spend in a new destinations and what activities they buy the most.

Question 1 and result:

1. How often do you travel to a new country?

57 responses

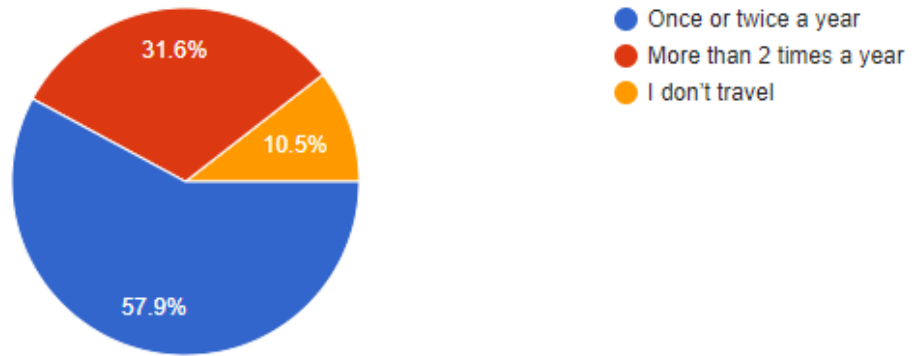


Chart 1. Result of question 1. (Source: own research)

The aim of the question was to clarify how often people travel. The results show that 57.9% of respondents travel at least once or twice a year, 31.6% travel more than 2 times a year. Overall, people that travel make up 89.5% of respondents, and 10.5% of respondents – 6 people responded that they don't travel. Respondents who choose the last answer were redirected to the 15th question - considering that these people don't have previous travel experience, they can't be reliable to answer questions about travel planning. Instead, they were asked about interest in travel to Baku, Azerbaijan in future or hypothetical scenario. In relation to our service, it can be assumed that at least 89.5% of respondents might visit Azerbaijan during their travel and become audience for Baku XP.

Question 2 and result:

2. What interests you the most in the new country you go to?

51 responses

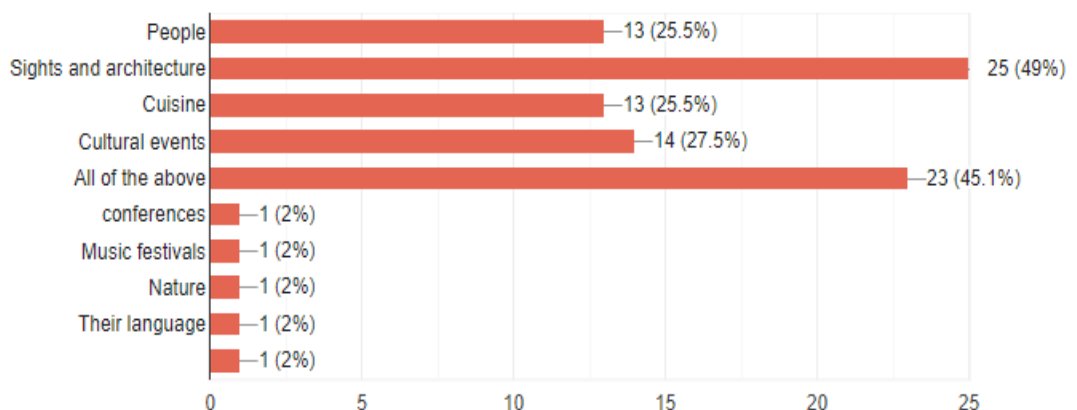


Chart 2. Result of question 2. (Source: own research)

Question 2 asks about most interesting factors for respondents in new destination. The question was semi-open with 5 given answers and option to give own responses. As a result, most interesting factor with 49% of responses in the new country is its sights and architecture. Second popular choice is cultural events with 27.5% of responses, however, 1 open response was saying that “music festivals” are also interesting part of the destination, and it can be included in the “cultural events” option as well, rising the percentage of this option to 29.5%. Both options - people of the new country and its cuisine are third popular choice as interesting factors in the new destination sharing 25.5% of responses each. 23 people out of 51 respondents to this question are interested in all given factors at the new country. Other interests of respondents in a new country are – conferences (2%), nature (2%) and language of the country (2%).

Our service has offers for all the options to meet the interest of respondents, except for conferences and specific cultural events like music festivals. This means that Baku XP might be out of interest of 4% of respondents.

Question 3 and result:

3. How much time do you usually spend in a new country you travel to?

51 responses

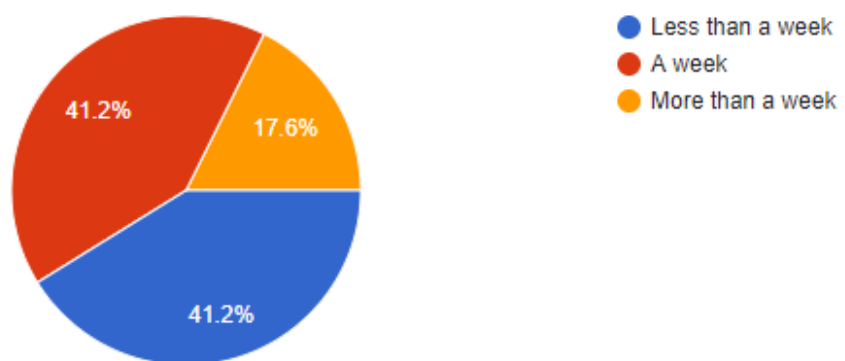


Chart 3. Result of question 3. (Source: own research)

This question was asking about average time travelers spend in the new destination. 82.4% of 51 respondents spend a week or less in the new country, with only 17.6% staying for more than a week.

In projection to our business this means - most people have only a week or less in the new destination, the activities they include in their travel plan should contain recognizable customer value to worth their time and money.

Question 4 and result:

4. What do you usually spend most on in the country you travel to? (Excluding flight and accommodation expenses)

51 responses

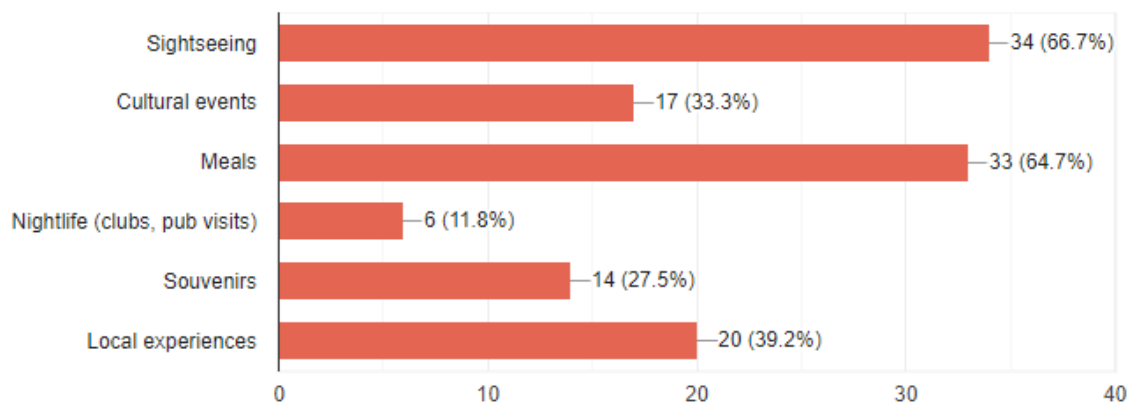


Chart 4. Result of question 4. (Source: own research)

The aim of this question is to clarify what travelers spend most on during their trip to the new destination. As per the answers of 51 respondents, 66.7% of responses is for expenses on sightseeing as the most spent on, in the second order is expenses on meal – 64.7%, and only third popular answer is local experiences with 39.2% of responses. As well as, spending on cultural events is in the 4th place (33.3%), then buying souvenirs (27.5%), and the least respondents spend on nightlife (11.8%).

As a business in tourism, Baku XP might consider this tendency of spending in design of new activities. Currently the offers cover more or less all the mentioned directions, except for souvenirs.

Question 5 and result:



### 5. Who typically plans a program and details of your trip?

51 responses



Chart 5. Result of question 5. (Source: own research)

Question 5 is focuses on finding the decision maker in travel planning of respondents. Over half of the respondents said that they plan their trip on their own (52.9%), while 39.2% plan trips with friends or family. At the same time, 1 person (2%) completely trusts planning to a travel agency, and 3 people (5.9%) trust to an agency, but does some research on their own. According to the results, 92.1% of decision makers among the respondents are travelers themselves, their friends and families, additionally 5.9% also partially does own research. For our business this means, that the consumer market is the main target for marketing and communication of tourism activities.

#### 5.3.1.2 Clarifying level of interest in similar services

In this part of survey questions are connected to the similar services in the global tourism market. The aim is to clarify how popular this services are among respondents, if they buy local activities with their help and how they evaluate their experience with these services.

Question 6 and result:

### 6. Do you usually add to your travel program activities and experiences suggested by locals?

51 responses

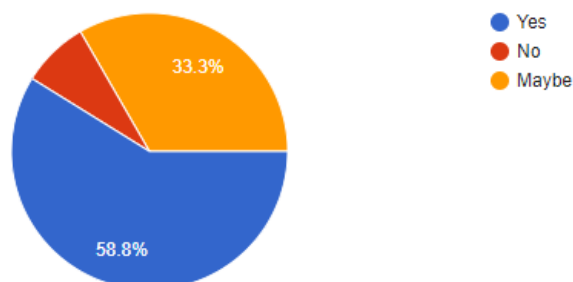


Chart 6. Result of question 6. (Source: own research)

The aim of this question is to find out if the respondents add to their travel programs activities by locals at destinations. Most of them answered positively (58.8%), and 33.3% answered that they may add activities by locals to their travel, only 4 respondents (7.8%) don't use activities by locals.

This shows that local activities can be considered as a part of travel in most cases.

Question 7 and result:

7. Which of the services suggesting activities by locals are you aware of?

50 responses

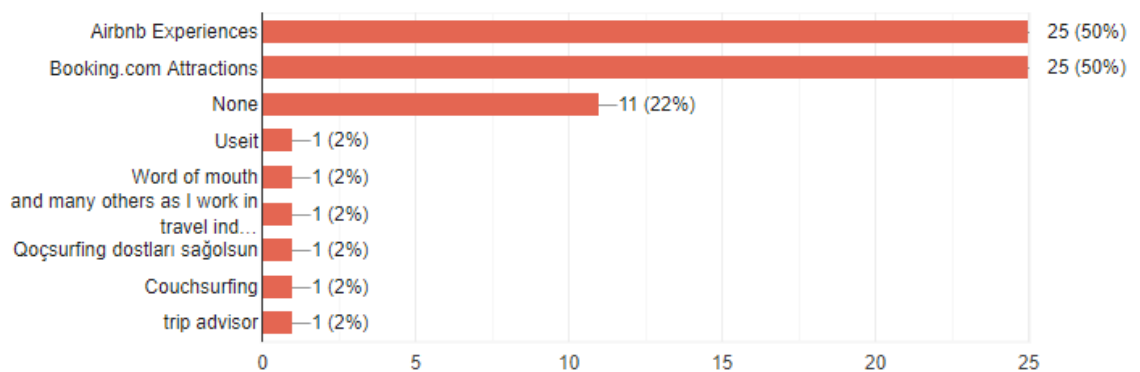


Chart 7. Result of question 7. (Source: own research)

The question 7 was intended to clarify what similar services suggesting activities by locals are known by respondents. The question was semi-open with only 3 options given. Half of the respondents (50%) are aware of Airbnb Experiences, half of them (50%) about Booking.com Attractions, and 11 respondents (22%) are not aware of any similar services. Other service names mentioned in the open option of response are Use it (2%), Couchsurfing (2%), TripAdvisor (2%).

This means that 78% of respondents know at least one service that offer activities by locals.

Question 8 and result:

### 8. Which of the service (or services) below you used during your travels?

51 responses

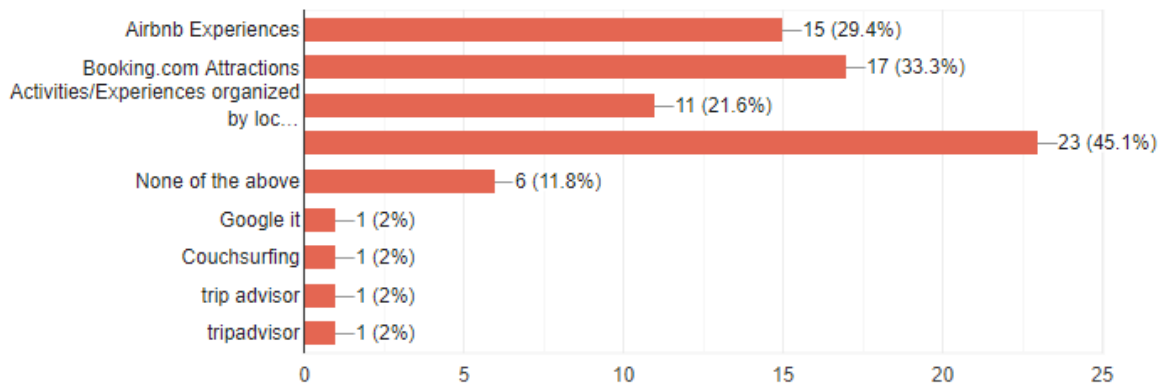


Chart 8. Result of question 8. (Source: own research)

This question closely related to previous one, it aims to clarify what similar services and activities by locals are actually used by travelers. Most of the responses (45.1%) was for activities suggested by separate locals, then 33.3% of responses for Booking.com Attractions, 29.4% for Airbnb Experiences, and fourth popular answer (21.6%) – activities organized by local hotels. 6 out of 51 respondents didn't use any of mentioned activities. At the same time 1 person (2%) used Couchsurfing, and 2 (4%) TripAdvisor during their travels.

Activities and experiences suggested by separate locals are most popular answer among all, which promises good opportunities for Baku XP.

### Question 9 and result:

9. How often do you use service category mentioned above to purchase local experiences in the countries you travel to?

50 responses

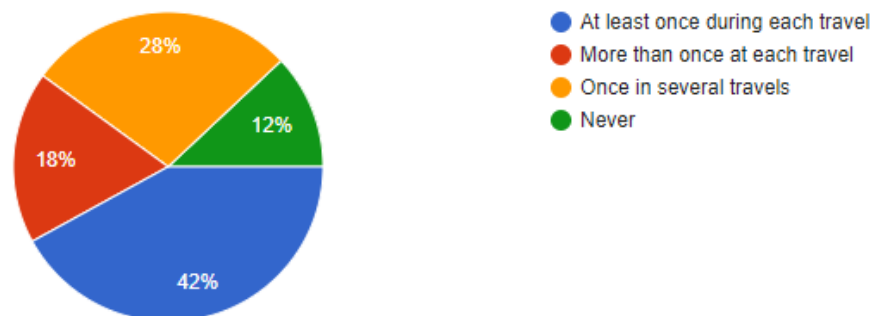


Chart 9. Result of question 9. (Source: own research)

This questions identifies how often similar services offering local activities are used by travelers. Most of the respondents (42%) uses services to buy local activities at least once during each travel, 28% of them buy the local activities through similar services once in several travels, also 18% of respondents buy local activities through similar services more than once at each of their travel. Only 6 people (12%) never buy local activities through any service.

The results of this question shows very positive picture of experience tourism, 60% of respondents buy local activities often, while 28% buy it rarely, but still buy.

Question 10 and result:

10. How do you rate in average your experience with services offering activities by locals?

51 responses

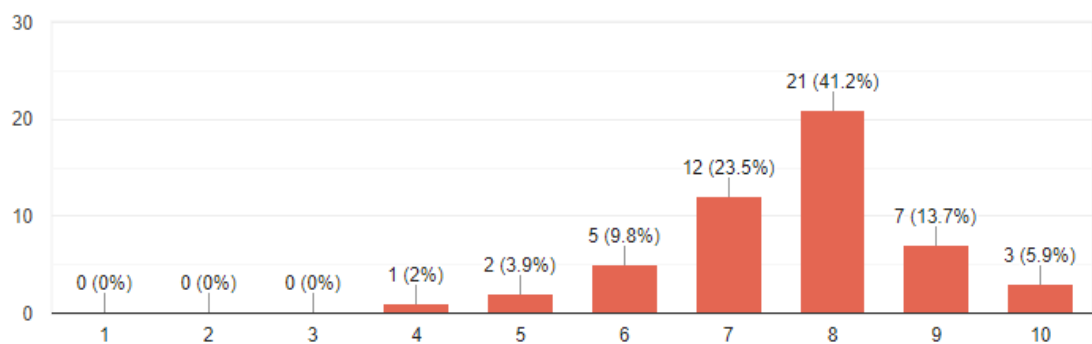


Chart 10. Result of question 10. (Source: own research)

In this question past experience of respondents with services offering local activities are rated by them from 1 to 10. Mostly popular answer (41.2%) is 8 points, second popular answer (23.5%) is 7 points, at the same time, 13.7% of respondents evaluate their experiences with similar services at 9 points and 5.9% of them - at 10 points. 6 point is given by 5 respondents (9.8%), 5 – by 2 respondents (3.9%), and 1 respondent (2%) evaluated the past experience with activity suggesting services as very low – 4 points. Overall, 84.3% of respondents evaluate their experiences with services offering local activities over 7 points.

### 5.3.1.3 Finding out popular communication tools that affect travel decisions

The aim of this part of the survey is to find out communication channels respondents use most while making their travel decisions.

Question 11 and result:

11. Would you rather purchase experiences suggested by locals beforehand while making travel program or after arrival to a country and finding out more about suggestions?

51 responses

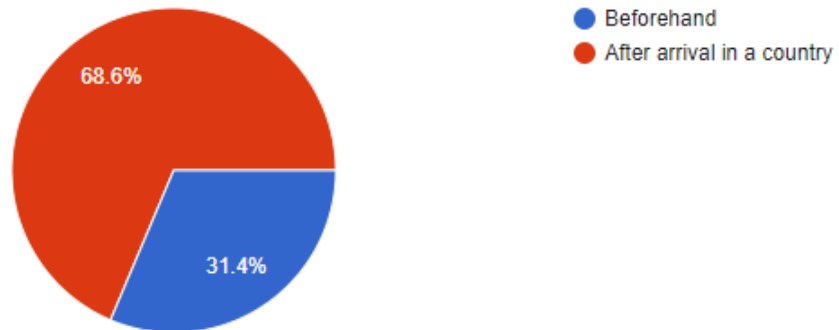


Chart 11. Result of question 11. (Source: own research)

This question clarifies if respondents purchase local activities before going to the destination or after arrival there, as both options suppose usage of different communication tools to find out about local offers. Most of the respondents (68.8%) answered that they buy local activities after their arrival to the destination and finding out about suggestions, while 31.4% make their purchases beforehand at the stage of travel programming.

This results prompt that raising local awareness about your tourism business is also important.

Question 12 and result:

12. While making travel decisions, how do you typically find out about culture specifics and local activities in the destination country? (Please select all that apply)

51 responses

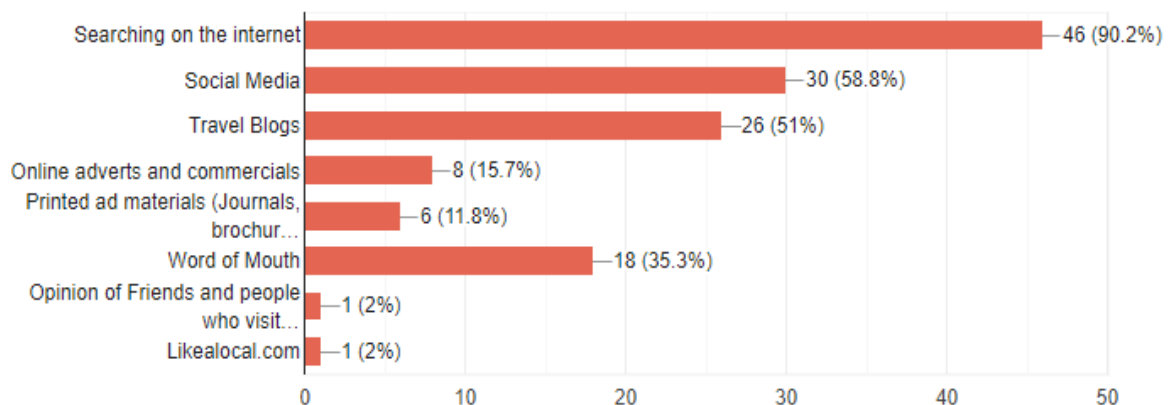


Chart 12. Result of question 12. (Source: own research)

This question asks about sources the travelers use to gather information about culture specifics and local activities at destinations. The first popular choice of respondents is Internet search (90.2%), Social media is the second popular choice with 58.8% of responses, and travel blogs follows with 51% of responses. The results show that neither online adverts and commercials (15.7%) nor printed promotion materials (11.8%) are demanded as travel information source in comparison with other options. 35.3% of respondents also chose word of mouth as information source, additionally 1 person (2%) responded that he/she trusts to the opinion of friends and people who visited places, which is word of mouth as well. And one response (2%) was for Likealocal.com travel platform, which can be counted both as travel blog and word of mouth.

Overall, the results of this question indicate that visibility on search engines, social media channels, having travel blog and recommendations of people are the best tactics for tourism businesses to be found on the map rather than advertising.

Question 13 and result:

13. Which of the following can arise your interest in specific travel products and services?  
(Please select all that apply)

50 responses

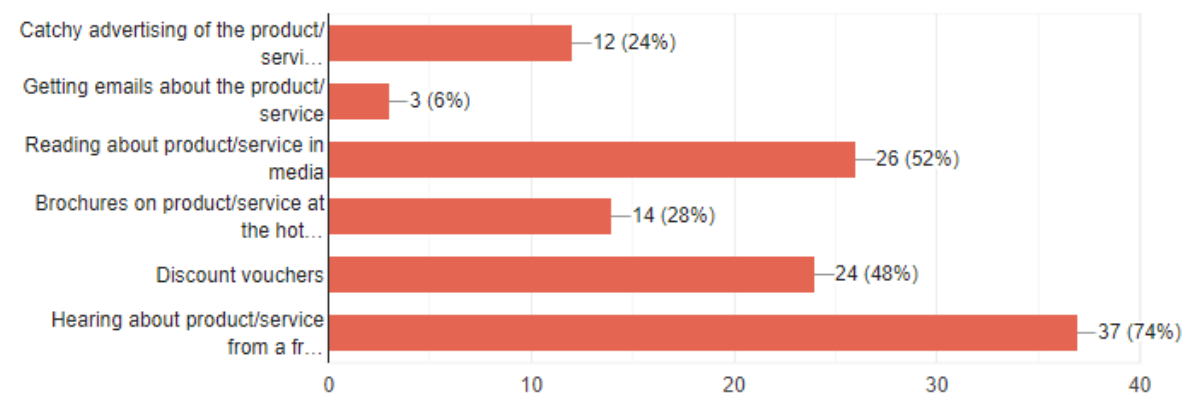


Chart 13. Result of question 13. (Source: own research)

In this question, communication mix elements were presented to respondents from their perspective, to choose as possible source that can arise their interest in the travel products. According to 74% of responses hearing about a product from a friend (Word of mouth) is in the first place to arise interest in travel products, reading about product in media (PR) is the second popular with 52% of responses, discount vouchers (Sales promotion) is the third popular choice (48%). Due to 28% of responses brochures on product at hotel lobbies also

arises interest in the offers, and 24% mentioned catchy advertising of the product as a source of interest. Least favorable among all is direct email, only 3 respondents (6%) chose that option.

Question 14 and result:

14. Which of the following influences your purchase decisions on travel products and services the most?

51 responses

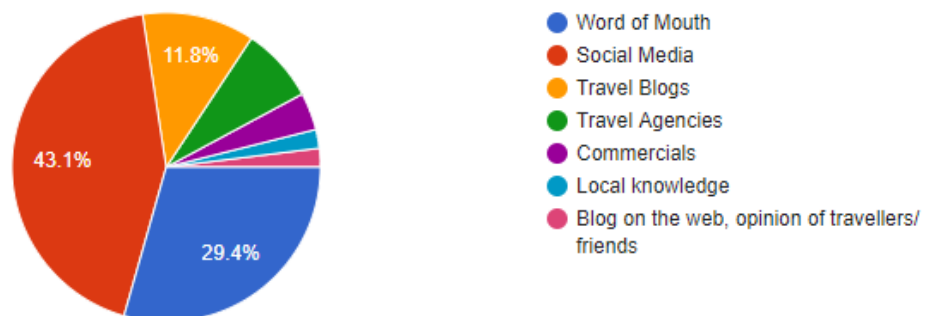


Chart 14. Result of question 14. (Source: own research)

This question is connected and similar to two previous ones, but asks about factors and sources influencing purchase decision on travel products. The high percentage of respondents (43.1%) are mostly influenced by social media while making purchase decision on travel products, second higher rated factor is Word of Mouth (29.4%), and the third – travel blogs (11.8%). Additionally, 4 respondents (7.8%) are also influenced by travel agencies to purchase travel products, 2 persons (3.9%) - by commercials. As an open response, 1 person (2%) mentioned local knowledge as an influence on purchase decision, while its not understandable local knowledge of whom was meant. Another respondent (2%) mentioned both travel blogs and word of mouth as an influence factor on purchase decision of travel products, this percentage can be added to both given options.

In can be concluded from these results, that word of mouth, social media and travel blogs are main instruments to influence purchase decision of people on travel products.

#### 5.3.1.4 Identifying interest in traveling to Baku, Azerbaijan

This part of the survey covers interest of the respondents in traveling to Baku, Azerbaijan and factors that can arise this interest.

Question 15 and result:

15. Have you ever been to Baku or other sites of Azerbaijan?

57 responses

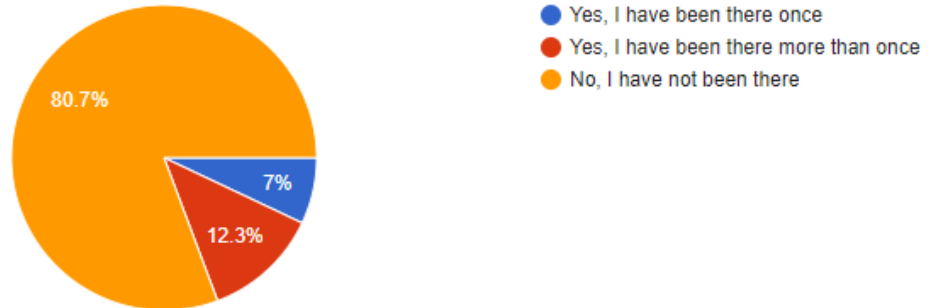


Chart 15. Result of question 15. (Source: own research)

In this question respondents were asked if they visited Baku, Azerbaijan before and if yes, how many times. Reminding, that 6 respondents from the first question (that answered that they don't travel) were redirected to this question. As per the results, 80.7% of respondents have not been to Azerbaijan before, 7% of them have been to Azerbaijan once, and 12.3% visited Azerbaijan more than once.

Question 16 and result:

16. Do you consider Baku or any other site of Azerbaijan as a destination for you to travel in future?

57 responses

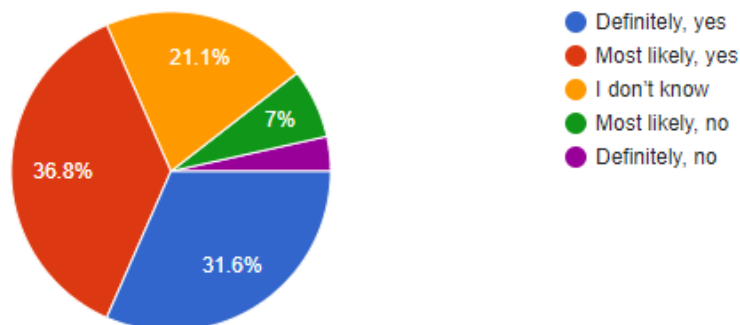


Chart 16. Result of question 16. (Source: own research)

In this question respondents were asked if they consider Baku or Azerbaijan in general as destination for them to travel in future. As per results, 36.8% of respondents will most likely visit Azerbaijan in future, 31.6% will definitely visit, and 21.1% of respondents don't know. At the same time 7% of respondents said that they most likely wouldn't consider to go to



Azerbaijan and 2 persons out of 57 (3.5%) answered that they definitely will not consider to travel to Azerbaijan.

Overall, 68.4% of respondents (39 people out of 57) are among the potential market of Baku XP service at the moment, and an additional 21.1% (12) of them can make their minds in favor of visiting Azerbaijan.

Question 17 and result:

17. Which of the following would make Baku attractive destination for you to travel to? (Please select all that apply)

57 responses

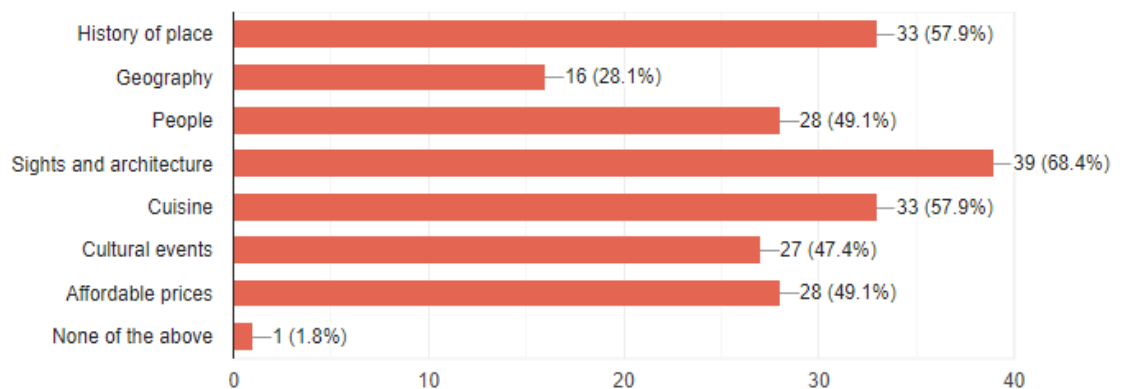


Chart 17. Result of question 17. (Source: own research)

This question moderately repeats question 2, but asks about sides of particular destination – Baku that can make it attractive destination to visit. As in the question 2, most of the responses (68.4%) have chosen sights and architecture as most attractive element of destination – of Baku in this case. History of place and cuisine shares the second position as attractive sides of Baku with 57.9% of responses each. People and affordable prices with 49.1% of responses each and cultural events (47.4%) are other popular factors to make Baku an attractive destination. The less popular choice was the geography of the destination with 28.1% of responses. And only 1 respondent (1.8%) didn't choose any of factors that could make Baku attractive destination to visit.

### 5.3.1.5 Suggesting Baku XP as a novelty and identifying level of interest in the service

In this part of the survey, first, brief information was presented about new service Baku XP and its offers. Questions afterwards are aimed to clarify reaction of the respondents to the

new service, if they find it useful for travelers, would they buy it themselves and if yes, at what prices.

Question 18 and result:

18. What is you first reaction to the service Baku XP?

57 responses

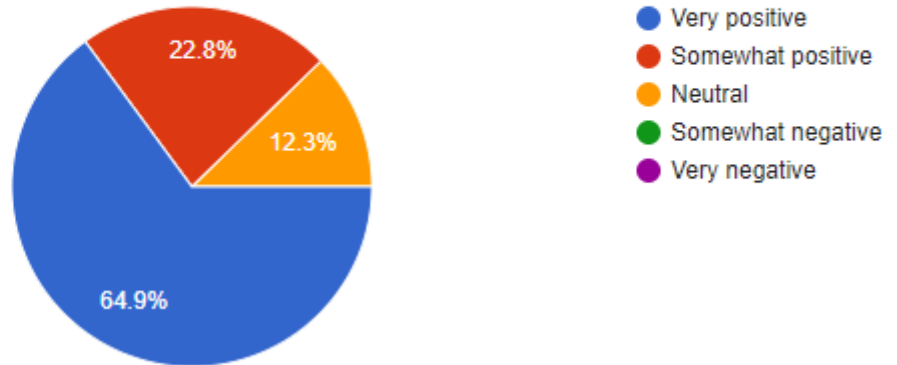


Chart 18. Result of question 18. (Source: own research)

As before this question the respondents read a brief description of Baku XP, this questions aims to understand their first reaction to the service. Overwhelming share of the responses (64.9%) is very positive toward Baku XP, additional 22.8% respondents are somewhat positive, and 12.3% of respondents are neutral. No negative and very negative reactions to the service noted.

Question 19 and result:

19. When you think about the service Baku XP, do you think of it as something travelers to Baku need or don't need?

57 responses

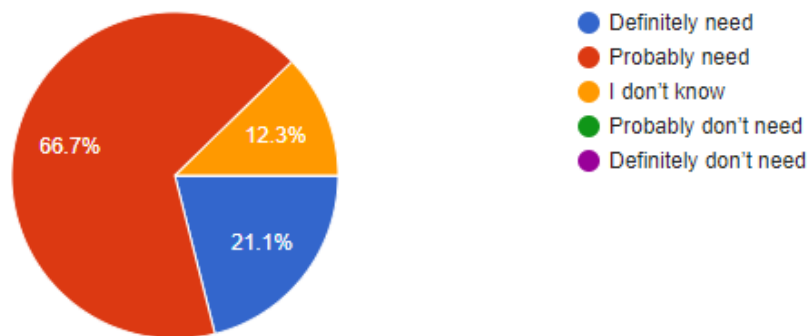


Chart 19. Result of question 19. (Source: own research)

In this question opinion of respondents asked regarding the need of travelers in the Baku XP service. The majority of respondents (66.7%) replied that travelers probably need Baku XP service, while 21.1% of them think of Baku XP as definitely needed service for travelers. Additionally, 12.3% of respondents said that they don't know if the service is needed for travelers or not. No negative responses for this question as well.

Question 20 and result:

20. Would you purchase any services by Baku XP if you travel to Baku?

57 responses

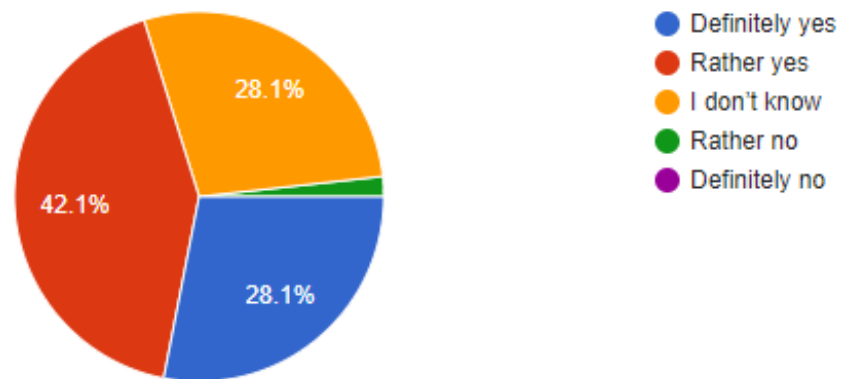


Chart 20. Result of question 20. (Source: own research)

In this question the respondents were asked if they would purchase any services by Baku XP themselves in case of travel to Baku. Most of the respondents (42.1%) said that they rather purchase Baku XP services, 28.1% of respondents answered that they would definitely purchase the service, and 28.1% don't know if they do so. Only 1 person (1.8%) said that he/she rather would not buy any of Baku XP services.

Overall, 40 (70.2%) out of 57 respondents have interest in purchasing experiences by Baku XP, and 16 more respondents (28.1%) don't know yet, but can change their mind in favor of purchasing Baku XP offers.

Question 21 and result:

21. Which of the factors would positively affect your buying decision and make you purchase Baku XP services? (Please select all that apply)

57 responses

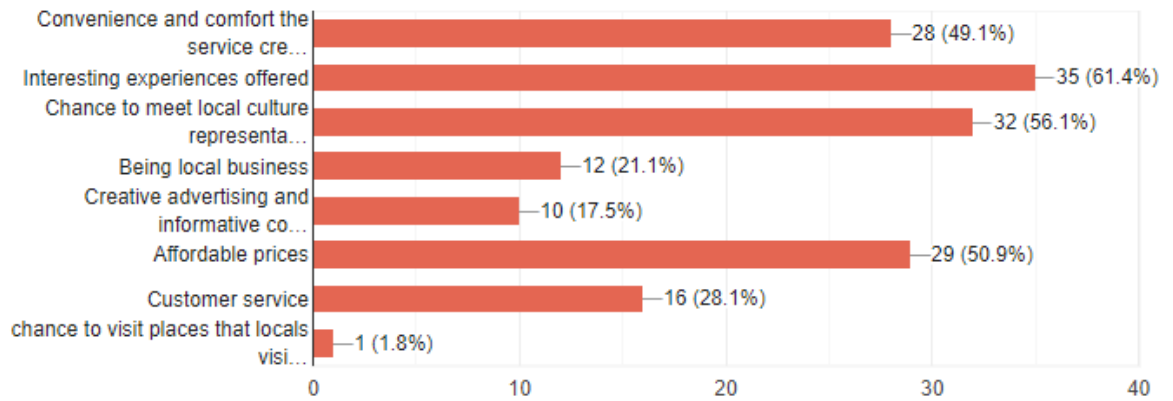


Chart 21. Result of question 21. (Source: own research)

This question was asking about factors of Baku XP that would positively affect buying decision of the respondents. As per the results, most popular factor (61.4%) positively affecting buying decision of Baku XP are “interesting experiences” offered by the service. Second popular response (56.1%) is “chance to meet local culture representatives”, followed by “affordable prices” factor (50.9%). “Convenience and comfort the service creates for travelers” is the fourth popular factor with 49.1% of responses. With less percentage of responses, customer service (28.1%), being local business (21.1%), creative advertising and informative communication (17.5%) are also among the factors that would positively affect purchase of Baku XP experiences. Additionally, one respondent (1.8%) answered in the open response that “chance to visit places that locals visit” also could be a factor to buy Baku XP services.

Question 22 and result:

22. Which of suggested services would you rather purchase? (Please select all that apply)

57 responses

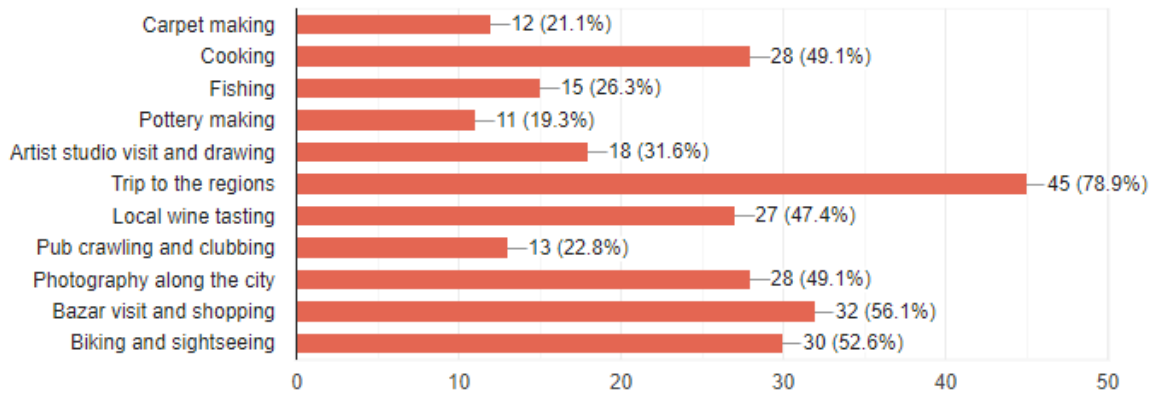
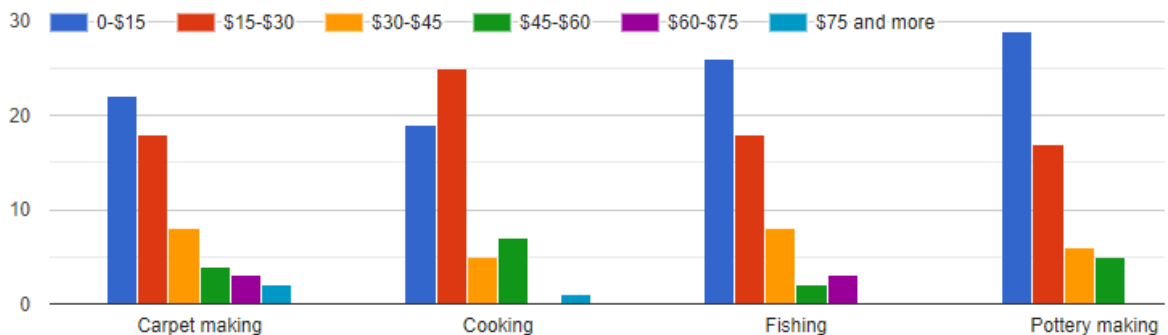


Chart 22. Result of question 22. (Source: own research)

This question aimed to clarify what services among suggested ones the respondents would rather purchase. The most popular experience with majority of responses (78.9%) is “trip to the regions”. Other popular choices with close percentage of responses are “bazar visit and shopping” (56.1%), “biking and sightseeing” (52.6%), “cooking” (49.1%), “photography along the city” (49.1%), “local wine tasting” (47.4%). Less popular experiences according to the responses are “artist studio visit and drawing” (31.6%), “fishing” (26.3%), “pub crawling and clubbing” (22.8%), “carpet making” (21.1%) and “pottery making” (19.3%).

Question 23 and result:

23. How much would you pay for a service in this category? (Please mark for each service)



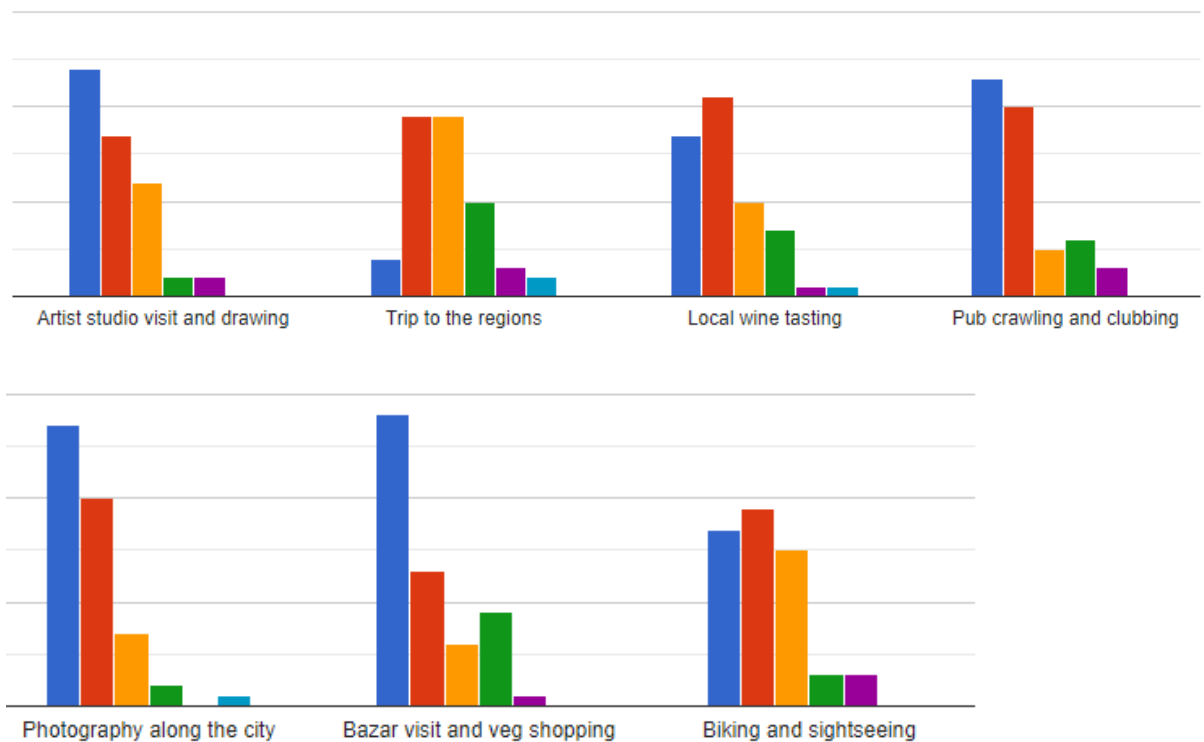


Chart 23. Result of question 23. (Source: own research)

In this question, Baku XP offers were presented to the respondents to choose the price segment for each. As can be seen from the graphics, the majority of respondents would give to the majority of separate Baku XP services up to 30\$, less respondents - higher. The highest prices segment from 75\$ and more were given only by 1 (1.8%) or 2 (3.6%) respondents to the services – carpet making, cooking, trip to the regions, local wine tasting and photography along the city. Noteworthy, that offers like trip to the regions and biking sightseeing were valued with higher price in average. More detailed, carpet making experience was evaluated by most percentage of respondents (39.6%) under 15\$, 32.4% of responded valued this experience between 15\$-to 30\$, the rest 28% of respondents are divided in other price segments. Cooking experience was evaluated by the most percent of respondents (45%) between 15\$-30\$, other 34.2% of responded valued this activity under 15\$, and the rest are divided in other price categories. No responded would give to this experience 60%-75\$, however 1 person (1.8%) evaluated it over 75\$. Fishing experience is valued by most number of respondents (46.8%) under 15\$, and by 32.4% of them between 15\$-30\$. Pottery making is the cheapest valued experience by majority of respondents with 52.2% of them giving it under 15\$, and no respondents over 75\$. Artist studio visit is evaluated by most of the respondents in average up to 45\$, with 43.2% of respondents giving it under 15\$, 30.6% of

them - 15\$-30\$, and 21.6% of them 30-45\$. Trip to the regions in average valued higher among all the offers, 34.2% of respondents would give it between 15\$-30\$, and other 34.2% of them 30\$-45\$, also 18% of respondents evaluated the offer for 45-60\$, 9% of all respondents would give this activity more than 60\$. Local wine tasting is evaluated in average as 15\$-30\$ valued activity, the most number of respondents (37.8%) gave it this price range. Pub crawling was also seen as rather cheap activity, evaluated by 77.4% of respondents in sum till 30\$. Photographing in the city is evaluated by 48.6% of respondents under 15\$, and 36% of respondents between 15\$-30\$, in general, this offer valued till 60\$, but one person (1.8%) would give to it more than 75\$. Bazar visit and shopping is one of the cheapest valued offers with more than a half of respondents (50.4%) giving it to 15\$ and no respondents - over 75\$. And the last offer, biking and sightseeing would be given by respondents in average up to 45\$.

Overall, it can be felt from the results, that the respondents were driven by psychology “give it less, so it would be priced less”, rather than objective valuing system. The most of the offers is valued by respondents less than their delivery could have cost. Nevertheless, this picture shows that even though most of the respondents would be excited and interested in the Baku XP service offers (as seen from the results of previous questions) they would buy it at rather low prices. The results of this question suggest that the quality of the offers by Baku XP must be cost worthy at the first place.

Question 24 and result:

24. Would you rather buy a local experience from Baku XP or other same range service suggested by tour agency?

57 responses



Chart 24. Result of question 24. (Source: own research)

As in the introduction text to this part respondents were said that Baku XP is not the tourism agency, this questions aims to know if the respondents would prefer local experiences of Baku XP to the same range of services by tour agencies or not. In most cases (59.6%) respondents prefer local experiences from Baku XP, while 28.1% don't know or can't decide at this stage. Less percentage of responses (8.8%) was for preference of tour agency suggestions. Two other responses (3.6%) are considered as "I don't know" option, as they mentioned that they need more information on tour agency suggestions or Baku XP service suppliers to decide.

Overall, 34 out of 57 people choses Baku XP suggestions over tour agency offers, another 18 also have potential to choose Baku XP if more information provided.

Question 25 and result:

25. Which channel would you prefer to find out more about Baku XP services? (Please select all that apply)

57 responses

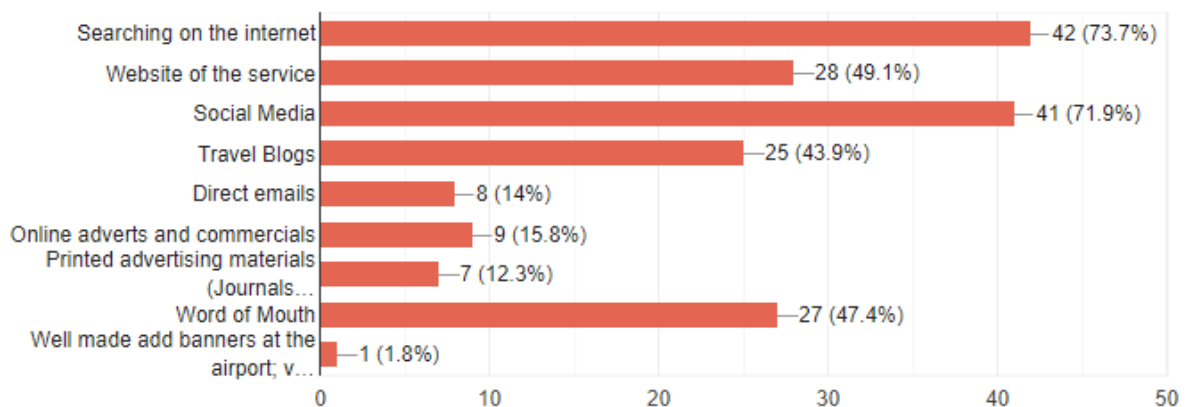


Chart 25. Result of question 25. (Source: own research)

This question was asked with the aim to repeat question 12 with application to Baku XP and check if the results are similar. The question is which channels the respondents would prefer to learn more about Baku XP. And as in the results of question 12, most popular communication channels among respondents are Internet search (73.7%) and social media (71.9%), while the third popular source to find out about Baku XP is its website (49.1%), followed with slightly less percent of responses for word of mouth (47.4%) and travel blogs after (43.9%). Least popular communication channels are online adverts and commercials (15.8%), direct emails (14%) and printed materials (12.3%). One respondent (1.8%) also suggested that well-made ad banners at the airport could help to find out about Baku XP.



If to combine the results of this question and question 12, it is confirmed once more that visibility on search engines, social media, creation of a well-designed website and travel blog, also touching up word of mouth is the best communication strategies for Baku XP for being recognized.

Question 26 and result:

26. Now that you are aware of Baku XP, how likely is it that you would recommend this service to a friend or colleague?

57 responses

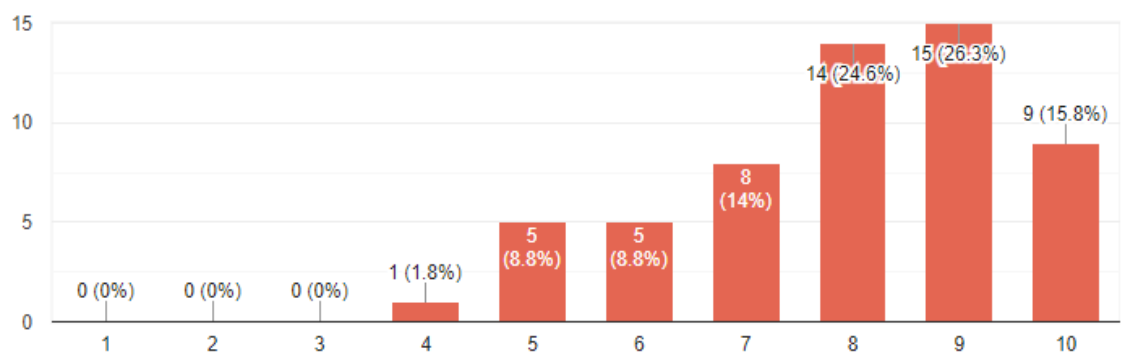


Chart 26. Result of question 26. (Source: own research)

The final question of this part is about the evaluation of likelihood of respondents to recommend Baku XP to a friend or colleague on a scale from 1 to 10. Most of the respondents gave high likelihood rates – 26.3% of respondents gave 9 points, 15.8% - 10 points, 24.6% - 8 points and 14% gave 7 points. Likelihood rates lower than 7 were given by little number of respondents - both 5 and 6 points were given by 5 respondents (8.8%) per each answer, and only 1 respondent (1.8%) gave 4 points. No likelihood rate lower than 4 was given.

Due to the results, overall, Baku XP would have high likelihood rate to be recommended to others.

### 5.3.1.6 Identifying geographic and demographic background of the respondents

In this last part of the survey geographic and demographic characteristics of the respondents submitting this survey are identified.

Question 27 and result:

### 27. What is your age?

57 responses

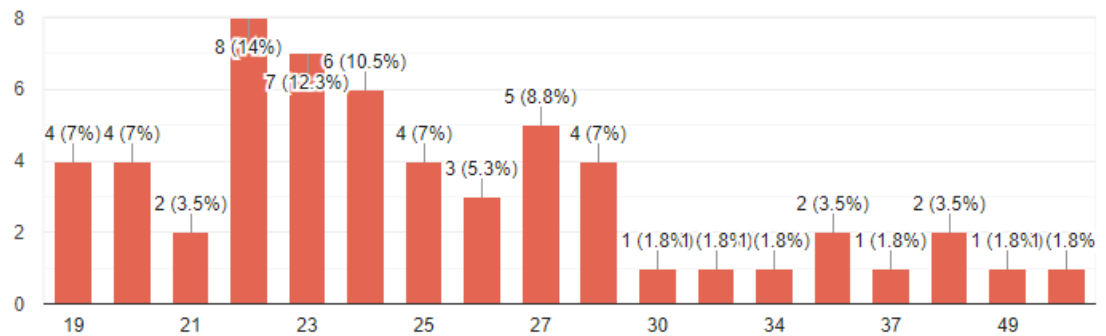


Chart 27. Result of question 27. (Source: own research)

The question about age of the respondents was open ended. As per the results, the survey was responded by people at the age from 19 - to 58. Most of the respondents (47 people – 82.6%) are between 19-29 years old.

Question 28 and result:

### 28. Are you a ...?

57 responses

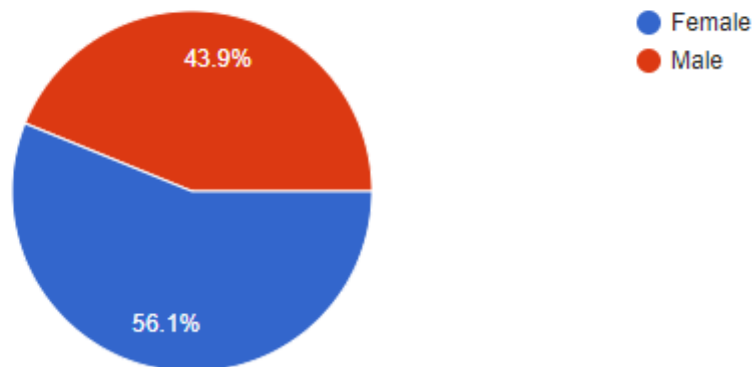


Chart 28. Result of question 28. (Source: own research)

As per the results, the survey was responded by 56.1% female and 43.9% male audience.

Question 29 and result:

29. Where are you from? (Please specify country)

57 responses

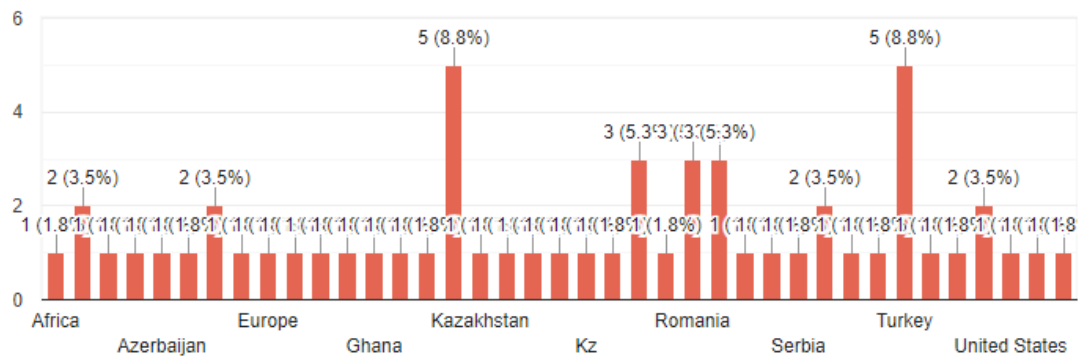


Chart 29. Result of question 29. (Source: own research)

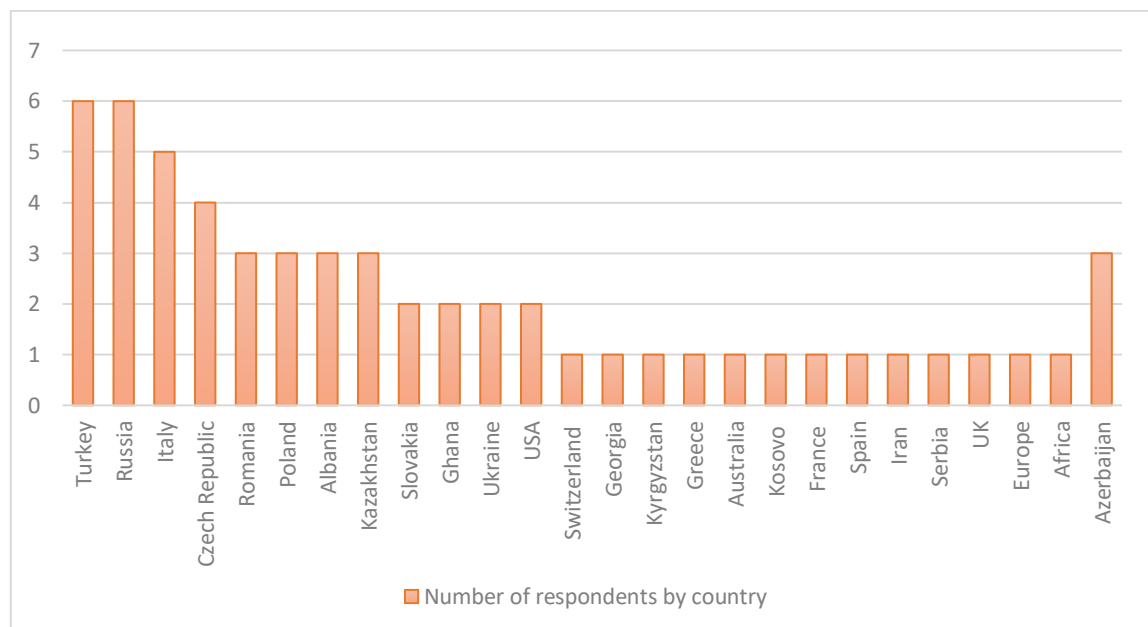


Chart 30. Result of question 29, from higher number of participants per country to less. (Source: own research)

This is the most important indicator of the audience for Baku XP service. The results show that 57 respondents from at least 24 countries were participating at the survey. 3 of the respondents (5.4%) were from Azerbaijan, which is count as irrelevant, as the survey was oriented to the internationals only. Majority of participants were from Turkey (10.8%) and Russia (10.8%), Italian respondents made up 9% of all participants, and respondents from the Czech Republic – 7.2%. As well as, each from Albania, Romania, Poland and Kazakhstan 3 respondents (5.4%) participated in the survey, each from Slovakia, Ukraine, USA and Ghana – 2 respondents (3.6%). Switzerland, Georgia, Kyrgyzstan, Greece,

Australia, Kosovo, France, Spain, Iran, Serbia, UK was also represented in the survey with 1 respondent (1.8%) from each country. 2 more respondents (3.6%) didn't specify the country and mentioned Africa and Europe instead.

**Question 30 and result:**

30. What is your approximate monthly average household income? (in USD)

50 responses

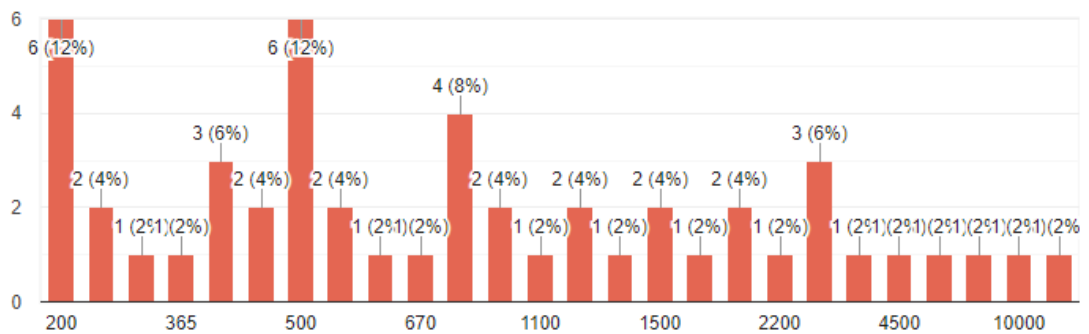


Chart 31. Result of question 30. (Source: own research)

This question aimed to find out the approximate monthly average household income of the respondents. The question was open-ended with minimum amount set in the survey system at 200 USD. As seen from the results, 6 respondents (12%) have chosen the minimum possible amount, so their answers can't be counted as completely relevant. 7 out of total 57 people who participated in the survey choose not to respond to this question. The most popular response was 500 USD mentioned by 6 (12%) respondents, second popular answer is 700 USD responded by 4 people (8%), third-most mentioned amounts are 400 USD and 3 000 USD each mentioned by 3 people (6%). Other respondents' monthly average household income changes from 300 to 14 000 USD.

The income that majority of respondents mentioned are rather low to consider travel expenses. This is another indicator showing that cost worthiness of the services would create it more chance to be noticed and purchased. However, it should be remembered that low prices could cause doubt about quality of the offer.

**5.3.1.7 General outcomes of the survey**

The main outcomes of the online survey are presented here, including the results for each part separately. The first part of the survey identified that most respondents travel to the new destination at least once or twice a year, spending there a week or less. In the new

destinations they are interested mostly in sights and architecture of the place, as well as its people, cuisine and cultural events and during their travel they pay for the sightseeing firstly, then meals, local experience and cultural events. Most of the respondents plan their travel planning and programming alone or with the help of family and friends, just few trust to travel agencies.

In second part of the survey revealed that respondents usually add local activities at the new destination to their travel program and purchase it at least once during their travel. They are aware of such platforms as Airbnb Experiences, Booking.com and more, where they can purchase local experiences, but most purchase activities suggested by separate locals at the destination they travel to, the others use mentioned travel platforms, also TripAdvisor, Couchsurfing and others. Some of the respondents purchase local activities by hotels they stay at. Most of the respondents evaluate their experience with services offering local activities at 8 point out of 10.

The third part of the survey shows that respondents usually add local activities to their travel programs after arrival to the new destination and finding out the offers at the place. They learn about the culture of the place and local activities firstly by search on the internet, through social media, travel blogs and word of mouth after. Hearing about the travel products from a friend (WOM) can arise their interest in the product at first place, then they might be interested if read about the product in media, or get discount vouchers for the products. Social media is the first popular influence on purchase decision of the travel products, WOM and travel blogs are the other influence factors.

The forth part of the survey reveals interest of the respondents in traveling to Baku, Azerbaijan. The overwhelming majority of the respondents never was to Azerbaijan before and most of the respondents will definitely consider or might consider visiting Azerbaijan in future. Most of the respondents says that sights and architecture, history of a place, its cuisine, people, affordable prices and cultural events would make Baku attractive destination for them to travel to.

The fifth part of the survey was directly related to the offered service Baku XP. The majority of respondents showed very positive first reaction to the service and the most of them think of it as service that travelers will probably need. The most of the respondents said that they will rather purchase, and others that they definitely purchase Baku XP offers if they travel to Azerbaijan. Interesting activities offered, chance to meet local culture, convenience and comfort the service creates for the travelers and affordable prices are the main factors that would affect buying decision of the respondents on Baku XP offers. Over half of the total

number of respondents said that they would prefer to buy Baku XP offers rather than same range services by tour agencies. The respondents were interested in purchasing of all suggested experiences by Baku XP, but the most respondents would buy trip to the regions, bazar visit and shopping, biking and sightseeing, cooking, photographing along the city and local wine tasting. Less interest in purchase was showed to artist studio visit and drawing, fishing, pub crawling, pottery making, and carpet making. The most of respondents said that they would buy most of the Baku XP offers at the prices till 30\$, while separate offers were evaluated at the prices between 30-45\$. The respondents would prefer to learn about Baku XP mostly from Internet search, social media, its website, travel blogs and WOM. The respondents evaluated their likelihood to recommend Baku XP to friends mostly at 9 or 8 points out of 10.

The last part of the survey identifies the geographic and demographic background of the respondents. The survey was participated by 57 respondents from 25 countries and Azerbaijan. More than half of the respondents are female. The age of all respondents was between 19 to 58 years old with the majority of them being at the age 19-29. Monthly average household income of participants of the survey changes between 300 to 14 000 USD, with average income at 700 USD.

### **5.3.2 Data insights from governmental institutions**

In this part of the customer analysis secondary data from two governmental institutions is presented – State Statistical Committee and Azerbaijan Tourism Board. Data from State Statistical Committee demonstrates top ten arrivals of inbound tourists to Azerbaijan by geographic and demographic indicators for the last two years. Azerbaijan Tourism Board as recently founded national tourism organization under the guidance of the State Tourism Agency of the Republic of Azerbaijan gains its own data on the main tourism markets for Azerbaijan. In this part six main market overviews are presented as per research of Tourism Board and categorized by guest characteristics, preferences for destination choice, interests and activities, information source and internet usage of the inbound tourists.

#### **5.3.2.1 Inbound tourist data from State Statistical Committee**

Data from State Statistical Committee is presented for the last two years, considering that by upcoming couple of year visitor tendencies in Azerbaijan would not be much different. Data on top 10 visitor arrivals by countries for the years 2019 and 2018 are given below.

No	2018		2019	
	Country	Visitors	Country	Visitors
1	Russia	792 026	Russia	840 618
2	Georgia	531 184	Georgia	600 685
3	Turkey	267 596	Turkey	291 931
4	Iran	225 692	Iran	237 989
5	UAE	92 432	Saudi Arabia	103 691
6	Iraq	64 341	UAE	66 706
7	Ukraine	52 571	India	62 253
8	India	38 465	Ukraine	54 919
9	Pakistan	38 250	Iraq	47 325
10	Israel	37 387	Israel	45 268

Table 7. Top 10 visitor arrivals by countries 2018 and 2019 (Source: State Statistical Committee)

As it could be seen from the table, countries that Azerbaijan is mostly visited from stay mostly the same for the last years. At first rows there are visitors from neighboring countries, after - representatives of countries with easy visa access to Azerbaijan including states of Persian Gulf, as well as visitors from friend countries to Azerbaijan as Ukraine and Israel. With the increasing number of visitors from a particular country, the others go down on the scale or switch places but stay mostly the same.

The gender ratio of inbound tourists also stays relatively stable including the gender ratio of tourists from the top ten visitor arrival countries. (Tab.8)

No	2018			2019		
	Country	Men (%)	Women (%)	Country	Men (%)	Women (%)
	All countries	65.5	34.5	All countries	62.0	38.0
1	Russia	54.3	45.7	Russia	53.5	46.5
2	Georgia	69.5	30.5	Georgia	62.2	37.8
3	Turkey	81.4	18.6	Turkey	76.8	23.2
4	Iran	71.6	28.4	Iran	66.2	33.8
5	UAE	68.4	31.6	Saudi Arabia	64.9	35.1

6	Iraq	84.8	15.2	UAE	69.7	30.3
7	Ukraine	65.2	34.8	India	73.6	26.4
8	India	80.9	19.1	Ukraine	58.9	41.1
9	Pakistan	80.7	19.3	Iraq	80.3	19.7
10	Israel	47.9	52.1	Israel	47.3	52.7

Table 8. Gender ratio of inbound visitors from all countries and top 10 visitor arrival countries in 2018 and 2019 (Source: State Statistical Committee)

Overall, inbound tourists to Azerbaijan are mostly men than women. Percentage differ by the top ten visitor arrival countries, but just in case of Israel incoming women are more than incoming men, for all other cases the number of incoming men tourists is always more than the number of incoming woman tourists. In case of countries like Turkey, Iraq, India, Pakistan the number of male inbound tourists exceeds the number of female inbound tourists almost 4 times in 2018. In 2019, this difference is still large, but a moderate change in the situation is seen, the number of inbound women tourists is slowly increasing in percentage. The smallest difference between the number of incoming men and women both in 2018 and 2019 is observed among visitors from such pro-Western countries as Russia, Ukraine, and Georgia.

Next we analyze statistical data of inbound tourists to Azerbaijan in 2018 and 2019 categorized by age indicator.

2018								
No	Country	Under 17	17-25	26-35	36-45	46-55	56-65	Over 66
All countries		244 925	314 814	525 520	589 683	564 655	244 471	121 247
1	Russia	88 707	102 171	159 197	187 710	135 436	74 450	44 355
2	Georgia	65 336	67 460	107 830	116 329	96 675	49 931	27 623
3	Turkey	26 492	32 112	52 716	58 604	58 871	24 619	14 182
4	Iran	22 344	27 309	46 267	50 781	50 104	20 764	8 123
5	UAE	1 202	9 058	18 486	20 797	32 074	8 504	2 311
6	Iraq	322	7 271	12 933	12 804	22 905	6 241	1 865
7	Ukraine	5 730	5 888	10 777	10 462	12 354	5 047	2 313
8	India	1 039	4 308	7 808	8 655	11 732	3 693	1 230
9	Pakistan	1 033	4 284	7 765	8 606	11 666	3 672	1 224



10	Israel	2 580	4 300	7 515	7 440	9 982	3 627	1 943
<b>2019</b>								
No	<i>Country</i>	<i>Under 17</i>	<i>17-25</i>	<i>26-35</i>	<i>36-45</i>	<i>46-55</i>	<i>56-65</i>	<i>Over 66</i>
All countries		264 366	324 322	636 554	676 446	616 602	233 590	111 651
1	Russia	104 237	86 584	215 196	189 980	143 745	53 800	47 076
2	Georgia	71 482	76 287	120 137	153 775	106 922	56 464	15 618
3	Turkey	23 938	35 032	57 510	74 736	62 181	25 982	12 552
4	Iran	29 273	28 797	53 787	54 737	48 074	14 755	8 566
5	Saudi Arabia	1 141	10 161	21 153	23 330	35 981	9 540	2 385
6	UAE	801	6 537	15 743	14 275	21 479	6 337	1 534
7	India	1 992	6 972	12 949	14 131	18 987	5 354	1 868
8	Ukraine	5 053	6 151	13 510	10 874	12 906	4 009	2 416
9	Iraq	237	5 348	9 560	9 418	16 847	4 590	1 325
10	Israel	3 259	5 206	9 099	9 461	12 086	4 392	1 765

Table 9. Numbers of inbound visitors by age groups from all countries and top 10 visitor arrival countries in 2018 and 2019 (Source: State Statistical Committee)

As it's seen from the statistics, most inbound tourists from all countries both in 2018 and 2019 are between 26-65. However, the age of majority inbound visitors changes by countries as well. In 2018 the majority of inbound tourists from Russia, Georgia, Iran were aged between 36-45. The majority of inbound tourists from the rest of the top ten visitor arrival countries were aged between 46-55. Notably, the number of inbound tourists from Iraq and Ukraine aged between 26-35 exceeds the number of tourists between 36-46, which means that Iraq and Ukraine are represented by younger visitors in Azerbaijan in 2018. In 2019 most of the incoming tourists from the same 10 countries are younger in average. The majority of tourists from Russia and Ukraine are aged between 26-35. The majority of the Georgian and Iranian inbound tourists remain in the same age range – 36-45, as well as the majority number of Turkish visitors of the same age. The rest of the ten countries are represented by higher number of inbound tourists at 46-55. The number of inbound tourists from Iraq at the age of 26-35 remains higher than the number of 36-45 aged tourists from the same country, and this tendency also noticed among inbound UAE tourists in 2019. Overall, neighboring countries are represented by younger inbound tourists in the majority,

while the rest of the top ten visitor arrival countries by a higher number of tourists at the age of 46-55.

### 5.3.2.2 Tourism markets overview by Azerbaijan Tourism Board

In order to promote Azerbaijan as a destination and attract visitors to the country, Azerbaijan Tourism Board has opened 6 representative offices - in Russian Federation, United Arab Emirates, Saudi Arabia, China, India, Germany. These offices help the Tourism Board to conduct B2B and marketing activities in key source countries. (tourismboard.az, 2018) Tourism Board conducted an overview of these target markets to present the main outcomes of promotion activities in the mentioned source countries for Azerbaijan. In the frames of this work, some results of the research by the Tourism Board are considered below, categorized by guest characteristics, preferences for destination choice, interests and activities, information source and internet usage of the inbound tourists from the mentioned countries. (Tab.10)

<i>Source Countries</i>	<i>Guest Characteristics</i>	<i>Preferences for destination choice</i>	<i>Interests and activities</i>	<i>Information source and internet usage</i>
<b>Saudi Arabia</b>	Highest spending travelers in the world; Travel abroad with their family (6 to 10 people, including maids); Tend to stay longer (up to 13 days).	The visa-free regime, safety, being Muslim-friendly, hospitality, gastronomy, an excellent range of 4-5 stars hotels, and places to go with children.	City holidays, family/children's resorts, shopping, nightlife, nature and eco-tourism, wellness and medical treatment, sports events; Sightseeing, going to restaurants and clubs, shopping.	The internet, friends' recommendations, videos, magazines, TV programs, social networks; YouTube, Facebook, Instagram are the largest social media platforms in Saudi Arabia, which is Youtube's largest

				market globally in terms of per capita consumption.
<b>UAE</b>	The highest spending travelers; Travel abroad with their family; UAE passport is one of the world's most useful; Tend to stay long (up to 15 days)	Things which aren't available in the UAE, visa-free regime, safety, being Muslim-friendly, the hospitality, gastronomy, excellent range of 4-5 stars hotels and places to go with children.	City holidays, family/children's resorts, shopping, nightlife, nature and eco-tourism, wellness and medical treatment, sports events; Sightseeing, going to restaurants and clubs, shopping.	The internet, friends' recommendations, videos, magazines, TV programmes, social networks; YouTube and Instagram are huge social media apps in the UAE, the average daily time a UAE resident spends using social media is 2 hours 56 minutes.
<b>India</b>	The average stay is 6-8 days, with 75% of them exploring new destinations;	Safety and security, value for money, friendly people, cold weather, easy visa	City breaks, family and children's resorts, sports events, shopping, fun	Social networks, TravelXP, Google, word of mouth, travel agencies, TripAdvisor;

	<p>30-40% of Indians are vegetarians; The majority speak English; The majority prefer to book holidays online but some still are visiting travel agents.</p>	<p>procedures, English language, Indian cuisine, an excellent range of 4-5 star hotels.</p>	<p>activities and beach vacations; Sightseeing, going to Indian restaurants, night clubs, shopping, kitesurfing, hiking, off-roading, skiing and shooting.</p>	<p>Facebook (30%), YouTube (30%), WhatsApp (28%), Instagram (19%), Google Plus (19%). Having such a large population has created a demand for its own social networking sites, of which there are more than 90.</p>
<b>Russia</b>	<p>The average age of Russian tourists to Azerbaijan is 38.3 years; They have no language barriers; Among the top 10 biggest spenders in the world; Most Russians travel with partner or friends or as a family with children.</p>	<p>Good weather, beaches, the visa-free regime, lack of language barrier, hospitality, gastronomy, architecture, excellent range of 4-5 stars hotels (although younger travelers prefer renting apartments via the internet).</p>	<p>Beach vacations, city holidays, family/children's resorts, wellness and medical treatment, sports events and festivals, food and drink; Sightseeing, spending time at the beach, going to restaurants and clubs, shopping.</p>	<p>The internet, friends' recommendations, videos, magazines, TV programs, social networks; Skype, WhatsApp and Viber are the main means of communication during holidays due to high roaming charges and the high Wi-Fi dependency on telephony, online apps and social networks.</p>

<b>Germany</b>	The top-spending country in Europe - on average, German tourists spent US\$154.74 per day of the international holiday (in 2018); Most Germans travel with a partner or friends.	Safety and security, value for money, world-class nature and landscapes, climate.	Nature holidays: tours and extended stays in one place; round trips, beach vacations, food and wine, city, sport and adventure, history and culture, natural beauty and wildlife; Sightseeing, culture, hiking, spending time at the beach, food and wine tasting.	Social networks - Instagram, Facebook, Friends' recommendations – WOM; Facebook, YouTube and WhatsApp are the most-used social media accounts - 35% of Germans are active social media users.
<b>China</b>	Travel most in spring and autumn; Most attracted to sightseeing tourism, historical and cultural places; Spend about 4-5 days in one country; Travel more on combined tours.	Safety, hospitality, gastronomy, rich history and culture.	City holidays, family/children's resorts, shopping, nature and eco-tourism, wellness and medical treatment; Sightseeing, trying local food and drink, participating in master classes, shopping.	The internet, friends' recommendations, videos, magazines, TV programs, social networks; YouTube, Facebook and Instagram are banned in China, there are alternatives like WeChat, Weibo and Youku.

Table 10. Overview of target markets for promotion of destination Azerbaijan (Source: Azerbaijan Tourism Board, authors - Regional Manager (RM) for the Middle East Leyla

Mahmudova, RM for East Asia Rufat Sadikhov, RM for Germany Khadija Nasirova, RM for Russia Fidan Akhundzade, RM for India Rovshan Rahimov)

This research gives ideas on tourist profiles from target countries for Azerbaijan determined by the official DMO of the country. Using some of the provided research information in creation of customer profiles for Baku XP might be a step in finding the right target audience for the business.

### 5.3.3 Data from SEO tools application

In this part of customer analysis, secondary data was collected through the Search Engine Optimization (SEO) tools. This data is the available specifications of users that search on the Internet for keywords that might be related to Baku XP, as well as the activity around the keywords and channels through which the users find information. Two SEO tools were applied in the frames of this research – KWFinder by Mangools and Ahrefs SEO tools. KWFinder gives results from multiple search engines, while Ahrefs tool is set to analyze Google searches. Five keywords have been chosen for the analysis: travel to Azerbaijan, Baku tourism, things to do in Baku, what to do in Baku, places to visit in Baku.

#### 1. Results for the first keyword: *travel to Azerbaijan*

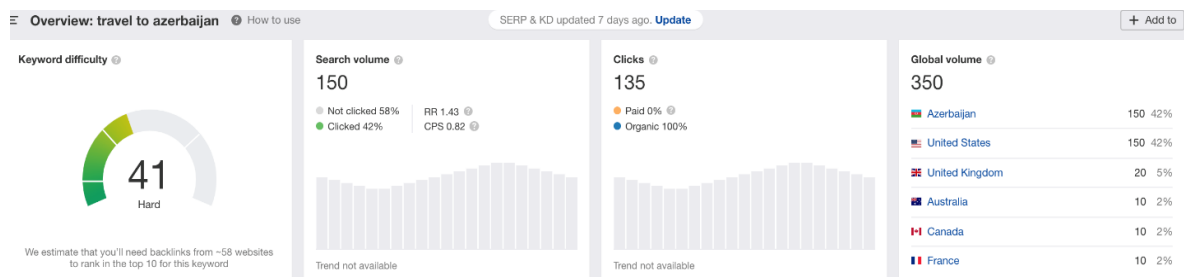


Figure 8. Overview of the keyword “travel to Azerbaijan” at Ahrefs SEO tools (Source: Ahrefs SEO tools)

As it is seen from the picture “travel to Azerbaijan” is not very popular keyword, global volume for this keyword - which means the number of searches by this keyword is 350 in one year (2019-2020). Users searching for this keywords are from the countries: Azerbaijan (42%), United States (42%), United Kingdom (5%), Australia (2%), Canada (2%), France (2%). All of the clicks by this keyword was in organic results.

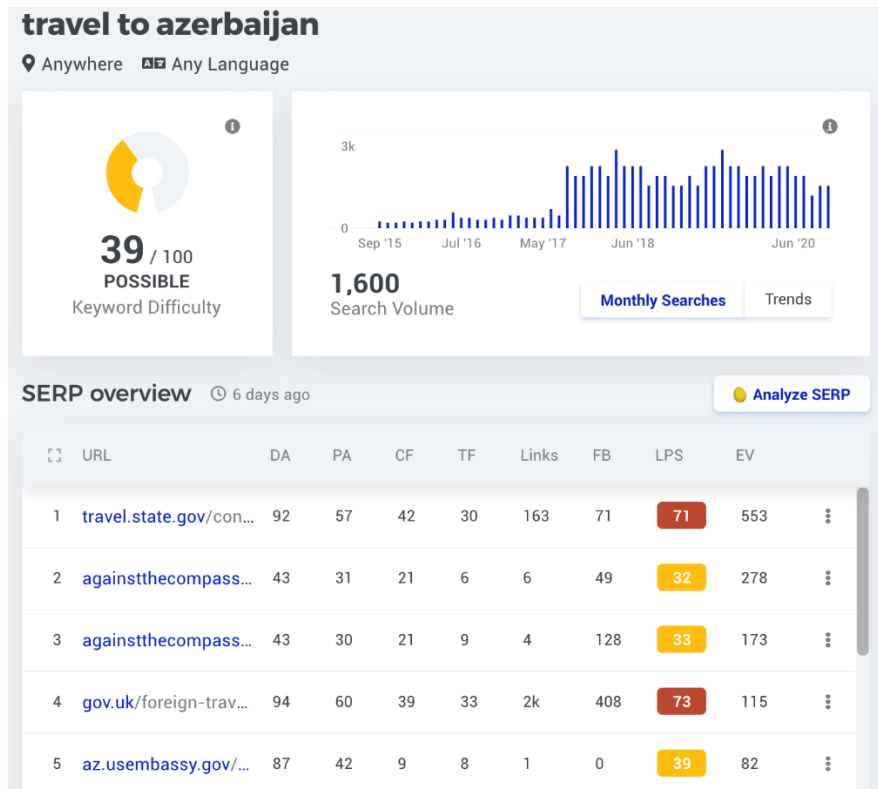


Figure 9. Overview of the keyword “travel to Azerbaijan” at KWFinder (Source: KWFinder by Mangools)

In this SEO tool the activity around the keyword “travel to Azerbaijan” in the last 5 years is presented, as well as pages through which the results for this keyword is found given. The tool shows that activity around this keyword rises starting from July, 2017, it was the highest in January 2018 and March 2019 (reached 3000). Search volume for the keyword in average in this tool is 1600 times. SERP (Search Engines Results Page) overview shows that pages through which the results for this keyword is reached are: travel.state.gov (US Bureau of Consular Affairs), againstthecompass.com (travel blog), gov.uk (UK government service and information), az.usembassy.gov (Embassy of US in Azerbaijan). Overall, this keyword is remotely related to business of Baku XP.

## 2. Results for the first keyword: *Baku tourism*

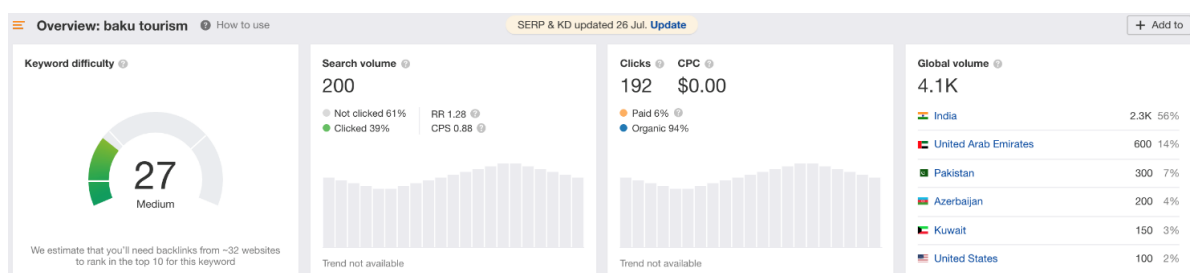


Figure 10. Overview of the keyword “Baku tourism” at Ahrefs SEO tools (Source: Ahrefs SEO tools)

This keyword is popular, as was searched in the last year for 4100 times. People searching for “Baku tourism” are from India (56%), UAE (14%), Pakistan (7%), Azerbaijan (4%), Kuwait (3%), United States (2%). The most of the results (94%) clicked for this keyword is at organic search, while 6% clicked at paid searched.

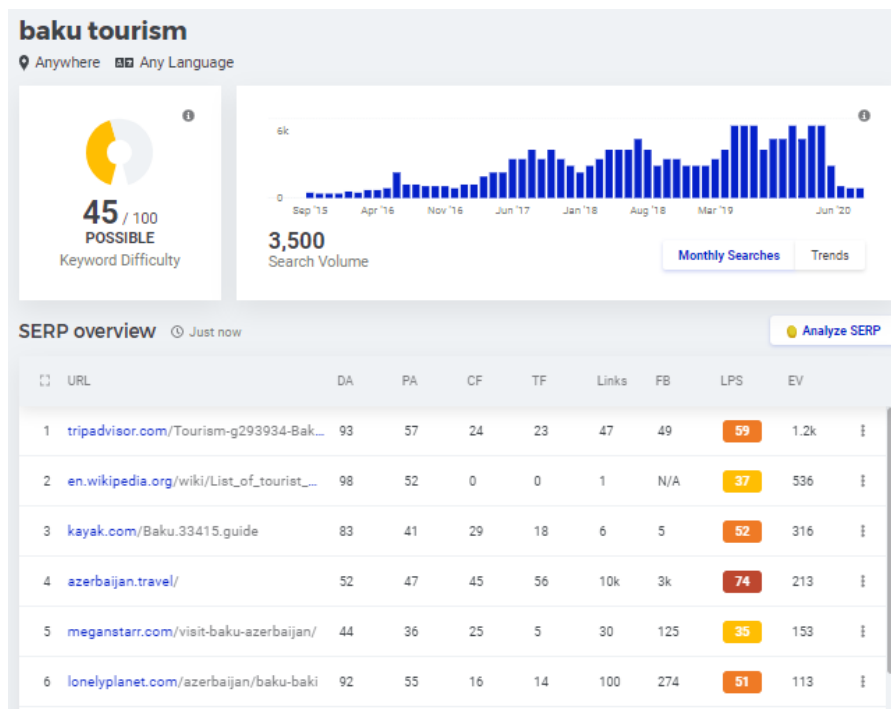


Figure 11. Overview of the keyword “Baku tourism” at KWFinder (Source: KWFinder by Mangools)

As per the results from KWFinder, the activity around this keyword grows moderately starting from April, 2017 and was the highest in February and March, 2020 (reached 6k). Number of searches for the keyword “Baku tourism” according to this SEO tool is 3500 in average. The users can see the results for this keyword on the following webpages: TripAdvisor, Wikipedia, kayak.com (travel booking platform), Azerbaijan.travel (project of Azerbaijan Tourism Board), meganstarr.com (travel blog) and Lonely Planet. This keyword is remotely related to Baku XP, but could be used to be shown in the second page of the search.



### 3. Results for the first keyword: *things to do in Baku*

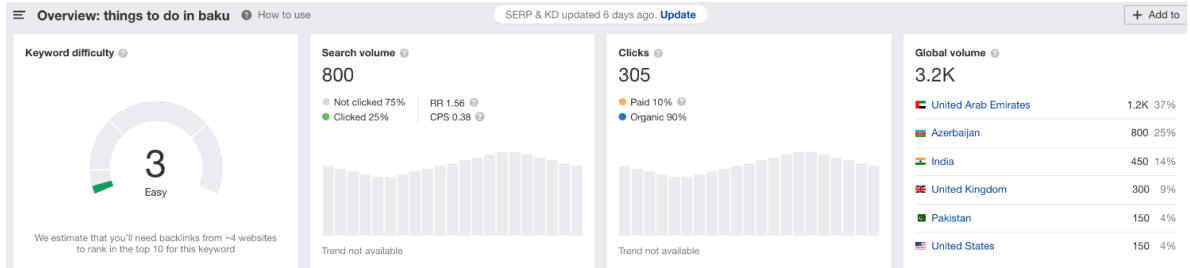


Figure 12. Overview of the keyword “things to do in Baku” at Ahrefs SEO tools (Source: Ahrefs SEO tools)

This keyword is also popular as its search volume is 3200 times during last year. “Things to do in Baku” was searched by users from UAE (37%), Azerbaijan (25%), India (14%), UK (9%), Pakistan (4%), US (4%). 90% of clicks for this search was at organic results, and 10% at paid content.

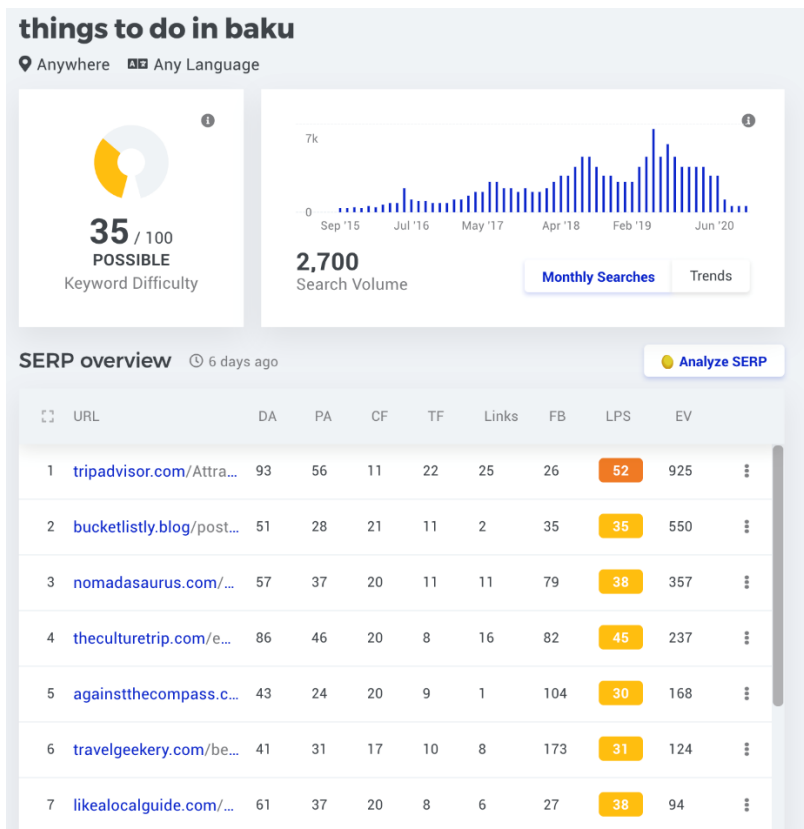


Figure 13. Overview of the keyword “things to do in Baku” at KWFinder (Source: KWFinder by Mangools)

The interest in this keyword was rising over time, the search volume reached 2000 in July 2016, 2600 in May 2017, 6000 in April, May 2018, and was the highest 7200 in April 2019.

Average search volume for “things to do in Baku” is 2700 times. People find the results for this keyword at TripAdvisor, travel blogs like bucketlistly.blog, nomadasaurus.com, theculturetrip.com, againstthecompass.com, travelgeekery.com, as well as likealocalguide.com travel platform.

This keyword is directly related to Baku XP and would be used to be shown among the first search results. As for Ahrefs tool (Fig.12) the keyword “things to do in Baku” is easy to be ranked for in organic search, it needs to be backlinked from 4 websites to be ranked in the first 10 results for this keyword.

#### 4. Results for the first keyword: *what to do in Baku*

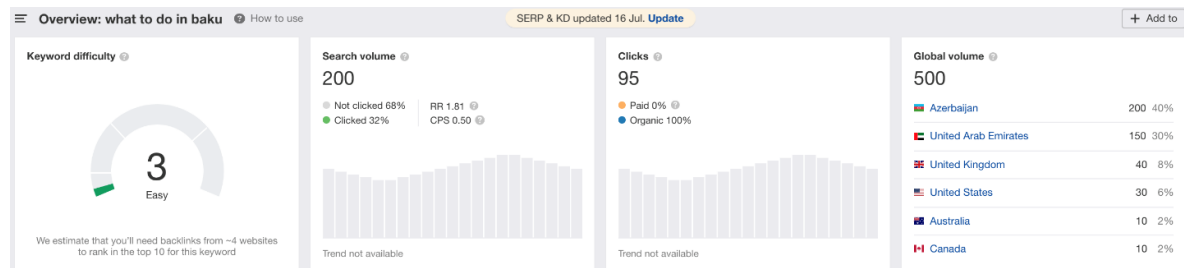


Figure 14. Overview of the keyword “what to do in Baku” at Ahrefs SEO tools (Source: Ahrefs SEO tools)

This keyword was not popular during the last year - it was searched only 500 times. And it is searched mostly by users from Azerbaijan (40%), then UAE (30%), UK (8%), US (6%), Australia (2%), Canada (2%). All the clicks through this keyword was in organic search.

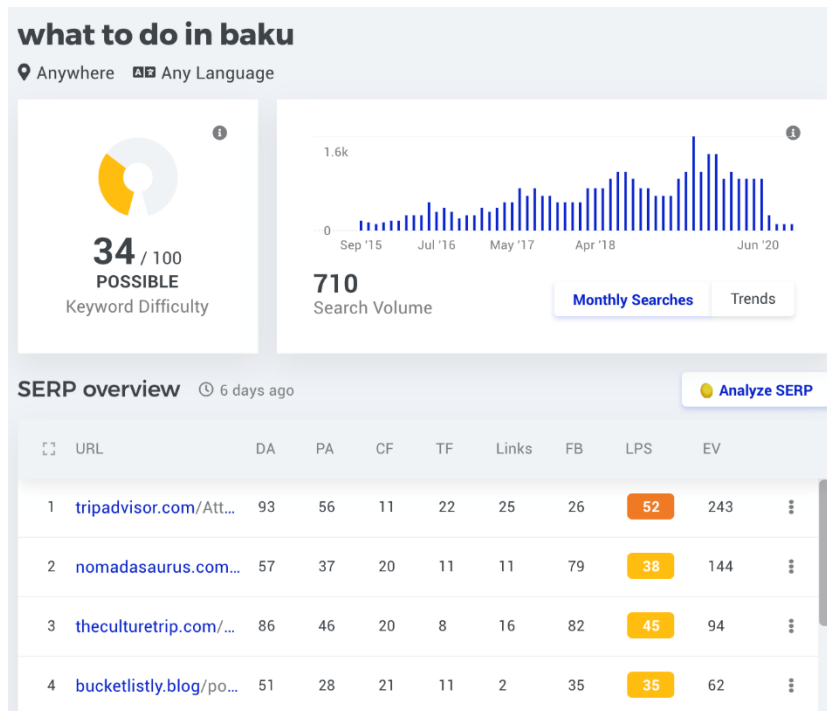


Figure 15. Overview of the keyword “what to do in Baku” at KWFinder (Source: KWFinder by Mangools)

The keyword “what to do in Baku” is not popular according to the KWFinder either, people don’t search for the things to do in Baku via this keyword much. Nevertheless, search volume for this keyword was growing over the past years as well, and reached the maximum 2000 times in May 2019. Average search volume for this keyword is 710. Users see results for this search at the pages like TripAdvisor, and travel blogs - nomadasaurus.com, theculturetrip.com, bucketlistly.blog.

Overall, this keyword is directly related to our business and has the potential to easily take Baku XP in the 10 top-ranked pages for this search.

### 5. Results for the first keyword: *places to visit in Baku*

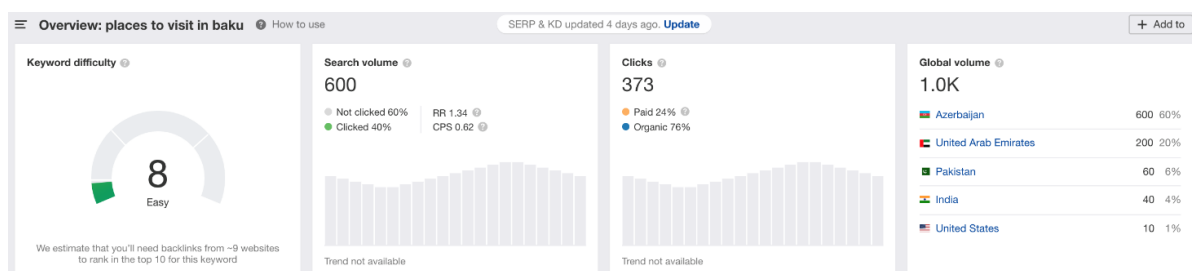


Figure 16. Overview of the keyword “places to visit in Baku” at Ahrefs SEO tools (Source: Ahrefs SEO tools)

As per the results from Ahrefs tools, the keyword “places to visit in Baku” has medium popularity in searches – its global search volume is 1000 times in one year. Users searching for this keyword are from Azerbaijan (60%), UAE (20%), Pakistan (6%), India (4%), US (1%). 76% of the clicks for this keyword are from organic search, and 24% from paid content.

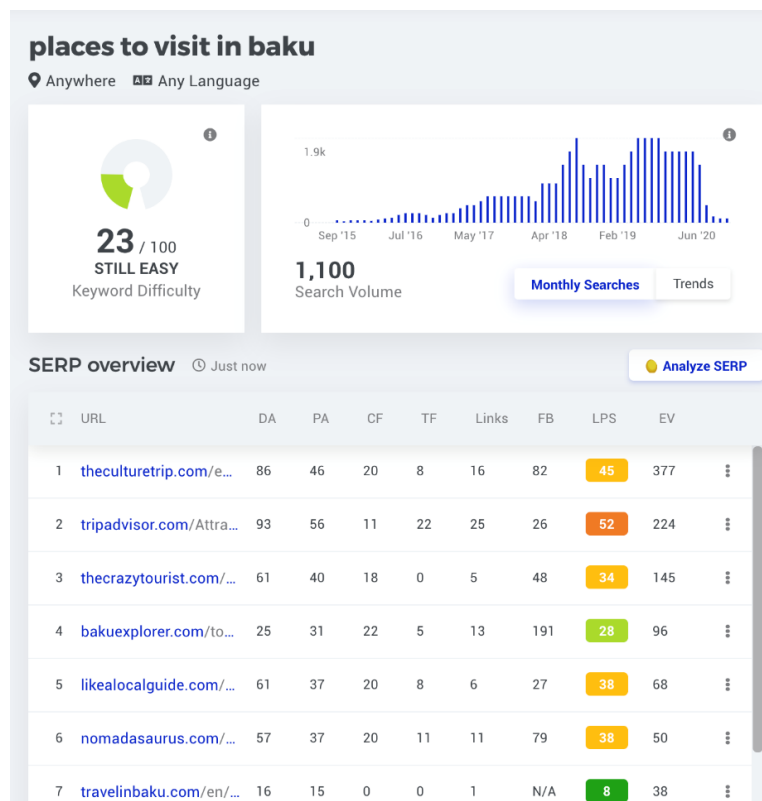


Figure 17. Overview of the keyword “places to visit in Baku” at KWFinder (Source: KWFinder by Mangools)

The activity around the keyword “places to visit in Baku” was very low in 2015, it started to grow in 2016 and was relatively stable during 2017. In July 2018 the search for this keyword reached the highest volume at 2000 for the first time, then after a decline in interest during the winter months the search volume resumed at the highest 2000 times and was stable high before autumn and winter 2020. Average search volume for this keyword in five years is 1100. As per the SERP overview, users find the results for this search at following pages: TripAdvisor, likealocalguide.com, travel blogs like theculturetrip.com, thecrazytourist.com, nomadasaurus.com, as well as at the page of the competitor service – bakuexplorer.com.

Overall, the keyword “places to visit in Baku” can be related to Baku XP. And as both SEO tools suggest this keyword is easy to be ranked for in organic search, thus might be beneficial to use.

#### **5.3.3.1 Conclusion of data overview from SEO tools**

Analysis of data from both SEO tools – KWFinder and Ahrefs showed that the chosen keywords related to travel in Baku and Azerbaijan are mainly searched from the same countries. These are mainly Azerbaijan itself, UAE, India, Pakistan, United States, United Kingdom, as well as less from Kuwait, Australia, Canada, France. One more outcome of the research of activity along the keywords shows that users find what they are searching for on the Internet mainly at travel blogs and popular travel platforms (TripAdvisor, Like a local guide). The other sources carrying the information on travel to Azerbaijan are different governmental services pages.

## 6 INTERNAL SITUATION

In this part of the analysis, the main outcomes of internal audit are presented in 4 sections. The sections cover a description of the internal resources and capabilities of the company, its current offerings, business relationships, and key issues. This part is created as the support for the marketing plan.

### 6.1 Resources and capabilities of the company

The main resources and capabilities of the company Baku XP are divided to three groups – **human resources, financial resources and supply resources.**

**Human resource** of Baku XP is the strongest power of the company. The founder and operational team of Baku XP consist of 4 persons, each competent in different fields, equally involved in the creation of the service. Major factions of the company's work are divided between them in the following order:

- Product development and supply
- Sales and customer relations
- Marketing, PR
- Design and creative direction

One of the team members used to work for Pasha Travel – which is the parent company of the main competitor to Baku XP. This gives the privilege to get information from within and understand the competitor's strategies, marketing gaps they have.

As the founder team consist of two families, the internal communication between the members is very strong. Additionally, the team is committed to the main goal of the company to deliver true local values to the global audience.

As the startup starting from scratch Baku XP has limited **financial resources.** The initial financing of the company is based on "Out-of-Pocket Investment". The main focus of investment, in the beginning, is the marketing activities of the company. The initial self-investment will cover possible spending on marketing activities for the starting period, however, the further existence of the company might be dependent on sales revenues, which is not the best scenario for the startups, especially those created after the global crises. Further, the company might apply for governmental credits for fresh businesses and strategic alliances with national DMO.

The main **supply resources** of the company are one of the least risky assets of Baku XP. The company already has a sufficient number of activity providers among friends who

understand the core values of the company and are ready to deliver services under the Baku XP brand. For the further development of supply, the company will use outsourcing and involve local masters to deliver their activities to the target audience of the company. For transportation and logistics suppliers the company also uses outsourcing.

## **6.2 Current offerings of the company**

For the starting period, Baku XP has a wide range of interesting local activities in the product (service) mix. The current offerings include the following experiences: carpet making (with masters in the factory), cooking (in the kitchen of national cuisine restaurant with the supervision of the professional chef), fishing (in the Caspian Sea), pottery making, artist studio visit, and drawing, off-road (trip to the regions), local wine tasting, nightlife (clubbing and pub crawling), photography along the city (with professional photographers as curators), Bazar visit and shopping, biking and sightseeing. All supplied by the local citizens these experiences can attract audience with different socio-cultural needs and psycho types. However, having this wide range of suggestions might complicate the supervision of the quality of the offers. Thus, a moderate introduction of the offers to the market over time might be a good strategy to keep the interest of audience and maintain the quality of management.

## **6.3 Business relationships of the company**

The company has strong internal relations with the team members and relatively weak communication with suppliers. To keep the internal communication on higher standards the company needs to develop a profound communication system between these two groups. This includes consistent email and phone linked notification system, trainings and workshops for the suppliers, testing systems for quality of delivered services, feedback reviews and more. The suppliers are the main engine of the company Baku XP, the core idea of the company is to gather the existing activities provided by them and deliver in a systematic and centralized manner. As the suppliers add great value to the company and the dependence on them is very high keeping them satisfied with the company's offers is very important.

The other valuable relationship of the company might be cooperation with governmental institutions, with Azerbaijan Tourism Board precisely. The company founders have a long time friendship with one of the leaders of the Tourism Board, the transformation of this friendship to the business relationship would be a great asset for the company. There is a

section for the presentation of local activities on the “Azerbaijan.travel” platform (the project of the Tourism Board), where the most popular local tours from Viator and TripAdvisor can be found. Obtaining mention among the offers on the state platform can create an additional communication opportunity for Baku XP. However, it should be remembered that the Tourism Board is a state structure and the quality of the service mentioned by them should be appropriate.

#### **6.4 Key issues**

As a startup business, Baku XP will face difficulties in the market, all of which can't be seen in advance. However, there are some key factors to be reckoned with in the beginning.

The team members of Baku XP are competent in different fields as mentioned before. At the same time, neither of them has experience in a startup in general or startup business in tourism. This means that the major part of the work will be done by trial and error, which will negatively affect the expenditure of the company. However, Baku XP is created with great enthusiasm and dedication of the founders, difficulties in the beginning will teach the team to make correct decisions after. As the company does not aim to be branded as a professional tour operator or tourism agency, but the local community, a reflection of minimal errors on the public won't cause critical situations. At the same time, messages of communication of Baku XP should be crisp and clear for customers to know what they pay for.

Another key factor is competitive differentiation of Baku XP. There are numerous tourist-oriented service providers in Baku and a great number of them compete for the same customer group. Despite the brand and the name, it is hard to differentiate each of these firms from another. To advance with superiority in the market Baku XP presents a unique level of product for tourists, not made by the tourism professionals at the same time. By focusing on delivering local experiences performed by talents of the community the company aims to get competitive differentiation in the market. Finding the right target audience for this different service is one of the main challenges.

Claiming the trust of the customers is the other key issue. As most of the customers used to shop products based on the rating level, a freshly launched company with a low number of reviews can seem less trustworthy. By providing quality service and building a brand that will have unique tone of friendliness and calmness the company aims to capture the trust of the customer, which will show itself on the reviews later.



Compliance with regulatory requirements is one of the key issues as well. As the company does not want to be branded as a tourism agency it is not registered as such, but separate low-income startup company. The tax regulations for tourism agencies and low-income businesses in Azerbaijan are different. In case the income of the company will majorly grow in the future, the registration of the company would be changed.

## 7 ANSWERING THE RESEARCH QUESTIONS

In the frames of this thesis work three **research questions** were aimed to be answered:

1. Who are the potential customers of the service Baku XP and main competitors of it?
2. What are the initial marketing and financial objectives of Baku XP and what marketing strategies will be conducted to accomplish them?
3. What are the communication opportunities of Baku XP in terms of customer specifics?

To answer to these questions following steps were followed in the second part of the thesis: analyses of external and internal environments for creation of new business in the tourism sphere in Azerbaijan, extended competitor and customer analyses was conducted. As a conclusion, following questions are answered.

Research question 1: **Who are the potential customers of the service Baku XP and main competitors of it?**

**Customer** analysis was conducted using secondary and primary research methods. Primary data was collected through the online survey among internationals, as they have a potential to be inbound tourists in Azerbaijan. Secondary research included statistical data on tourist arrivals in Azerbaijan for the recent years; tourist profiles from the source markets for Azerbaijani tourism taken from the research of Azerbaijan Tourism Board; as well as, data from SEO tools on internet users searching for the keywords related to travel in Azerbaijan. As a result, it was revealed that potential customer for Baku XP service can be visitors from other countries coming to Azerbaijan for leisure and recreation tourism. As a potential customer, this tourist is a non-Azerbaijani person, both men, and women, at the ages mostly between 19-65, travelling single, with a group of friends or with family and interested in the local culture and non-regular-touristic offers. At the same time, a targeted customer of Baku XP will be chosen among these potential customers by the specification on the countries from which incoming tourists to Azerbaijan usually come.

**Competitor** analyses included the overview of direct, indirect competitors and substitute services for Baku XP. It was revealed that direct competition for Baku XP is low, no companies exactly repeats its offers. However, three main tour operator companies with same values as Baku XP, competes for the same market with same and similar services. These are BakuSightseeing.com, Baku-tours.com, and “Nasimi’s Wine tours”. Indirect competition of Baku XP are travel companies in Azerbaijan suggesting things to do for

incoming tourists mainly in Baku and surroundings. Three popular tour operators and agencies were analyzed and it was concluded that their offers are limited to sightseeing and tours, not including authentic local activities. However, experience in the market, variety of services to offer, favorable, reliable reputation on travel platforms and search engines makes these companies challenging to compete with them for the same audience. Moreover, popular global travel platforms on the internet that sell local experiences in different destinations are substitutes for Baku XP's web page, and offers by individual Azerbaijanis on those platforms are substitutes for Baku XP offers. Whereas, communication of Baku XP on these platforms and attraction of some of the activity suggesting individuals to Baku XP can eliminate the substitutes.

**Research question 2: What are the initial marketing and financial objectives of Baku XP and what marketing strategies will be conducted to accomplish them?**

As the PEST analyses revealed in the first section of analytical part there is favorable environment for creation of new business in tourism sphere in Azerbaijan. For the past five years all political, economic, socio-cultural and technological factors contributed to the sudden burst of tourist interest in Azerbaijan. At the same time the analyses showed that the interest of tourists grows in new types of leisure tourism as experience tourism. Primary research on customers identified that international tourists are highly interested in experience tourism in Azerbaijan. However, the competitor analyses defined that there is a gap for authentic and unique services for experience tourism in Azerbaijan not fully discovered and filled. The initial marketing objective of Baku XP is to be put on the tourism map of Azerbaijan as a unique provider of local activities. Raising brand awareness through its communication channels will be the main target of Baku XP's marketing activities. As it is seen from the internal analysis the financial resources of Baku XP are limited to marketing activities for the starting period of the business. The further existence of the company might be dependent on its sales revenues. This means that, for maintaining the position in the market after, Baku XP needs to achieve break-even status by the end of launch period. Marketing strategies to accomplish the objectives of Baku XP are presented in the project part of this thesis.

**Research question 3: What are the communication opportunities of Baku XP in terms of customer specifics?**

As it was revealed through the all analytical part, the Internet is the most powerful tool to communicate the tourism brand with the customers. Technological factors of PEST analyses showed that all the travel planning activities nowadays are done online. People trust their bookings to online tourism agencies. Travel platforms like Expedia, TripAdvisor, Airbnb, Booking.com and others become the main channels for marketing and communication of tourism products. This was proven both with competitor and customer analyses conducted in the frames of this research. The competitors of Baku XP might gain a competitive advantage if represented well in the popular travel platforms, social media and can be easily found with search engines. The customer profiles from source markets for Azerbaijani tourism have high rates of internet and social media usage. Respondents of the conducted online survey mostly mentioned Internet search, travel blogs and WOM as their source of information and interest in the destinations. This all shows that the main marketing communication opportunities for Baku XP is being well represented online, on the popular travel platforms and social media.

## **8 THE MAIN OUTCOMES FOR THE PROJECT PART**

For the last five years political, economic, and socio-cultural environment in Azerbaijan has created a favorable condition for the intensive development of tourism in the country and burst the interest of international visitors in Azerbaijan. It can be seen on the increasing number of inbound tourists to the country every year. The geographic location, eased visa procedures, stable country environment, sport and cultural events, and decreased cost for travel in the country attracts tourists from particular countries to Azerbaijan. These tourists are mainly come from neighboring countries and countries of the Persian Gulf and Asia, with less arrivals from Europe and the US.

Technological development transferred the most part of the tourism industry from offline to online. Online travel platforms created with different purposes turned into the main community of travelers around the globe. It contributed to the rapid spread of new trends in tourism like experience tourism at the destinations.

There are over 400 registered tourism agencies in Azerbaijan. All of them have offers for the growing number of inbound tourists to the country. However, only a few number of the tour operators noticed the gap in the delivery of local authentic activities to the visitors. As some travel companies already started to feel the need for the experience tourism offers, this niche in the field will be fully discovered soon.

The main goal of the Baku XP is to present unique local activities with high-quality service, as well as raise awareness online through travel platforms and social media to catch the attention of travelers to Azerbaijan.

### **III. PROJECT**

## **9 MARKETING PLAN OF BAKU XP**

### **9.1 Executive summary**

Baku XP is the new tourist oriented company in Azerbaijan that provides authentic local activities by local citizen to the inbound visitors in Azerbaijan. Currently the company offers 11 different experiences (activities). **Unique Selling Point (USP)** of the company is that it does not involve tour guides, all the experiences provided are field of professionalism and interest of the locals, who actually provide the activities. The main strengths of the company are its human and supply resources, while limited financial resources are its weakness. The company is the e-commerce type of business with the marketing and communication orientation on digital tools. The target audience of the company are three segments of inbound tourists to Azerbaijan – visitors from neighboring countries; visitors from the Persian Gulf countries and countries with eased visa procedures for Azerbaijan; visitors from Europe and the US.

### **9.2 The company and current offerings**

Baku XP (Baku Experience) is a capital-based experience provider company in Azerbaijan that offers to incoming tourists in the country variety of authentic activities for spending qualitative time with locals during their stay. Current offerings of Baku XP are following experiences:

- Carpet making (with masters in the factory),
- Cooking (in the kitchen of national cuisine restaurant with supervision of the professional chef),
- Fishing (in Caspian Sea),
- Pottery making,
- Artist studio visit and drawing,
- Off-road (trip to the regions),
- Local wine tasting,
- Nightlife (Clubbing and pub crawling),
- Photography along the city (with professional photographers as curators),
- Bazar visit and shopping,
- Biking and sightseeing

The uniqueness of Baku XP is that all suggested services are provided exclusively by **locals** (buddies – “dost”), who are either experts in their field or highly experienced in suggested activities. The main principle of the company - NO tourist guides involved. Interpreters into English or Russian might participate in the experiences, in case the local doesn't speak the international languages himself.

### 9.3 Current marketing situation

As the analytical part of this thesis revealed there is a favorable condition for the creation of the new business in the travel and tourism field in Azerbaijan. As political, economic, socio-cultural environment in Azerbaijan, technological progress in the world, as mere competition and customer interest creates opportunities for Baku XP to penetrate the tourism market. A more detailed overview of the current market is presented in the previous part of this thesis. The results of the market analysis also can be seen in the SWOT analysis for Baku XP.

### 9.4 SWOT analysis

The SWOT analyses is based on the external and internal environment analysis conducted in the analytical part of this thesis.

<b>Strengths</b>	<b>Weaknesses</b>
<p>S1 Unique service (product) proposition, that creates competitive differentiation</p> <p>S2 Human resources of the company, competence of the team members in different factions of the work, commitment and dedication of the team</p> <p>S3 Supply resources of the company, sufficient number of activity (service) providers</p> <p>S4 Wide range of offers (experiences) to meet expectations of different socio-cultural groups and psycho types</p> <p>S6 Strong internal relations and communication with the team, chances for business relations</p>	<p>W1 Limited financial resources</p> <p>W2 Lack of experience in startups in general and tourism startups</p> <p>W3 Relatively weak communication with suppliers</p> <p>W4 Newness to the market, difficulty to claim the trust of the audience</p> <p>W5 Compliance with regulatory requirements</p>



S7 Special branding with tone of friendliness and calmness	
<b>Opportunities</b>	<b>Threats</b>
<p>O1 Favorable political, economic and socio-cultural environment in Azerbaijan for tourism, eased visa procedures</p> <p>O2 Increased number of inbound tourists, the burst of interest in tourism in Azerbaijan, as well as, interest of potential customers in Baku XP</p> <p>O3 Technological development and transition of tourism procedures to online</p> <p>O4 Communication opportunities on global travel platforms online, social media and blogs</p> <p>O5 Low number of direct competitors, gap for authentic experience providers</p>	<p>T1 Global crisis of tourism industry due to COVID-19 pandemic</p> <p>T2 Wide potential market, possibility for incorrect targeting</p> <p>T3 Regulations by governmental institutions</p> <p>T4 Low barriers for new entries</p>

Table 11. SWOT analysis for Baku XP (Source: own research)

**Strengths:**

S1 Unique service (product) proposition, that creates competitive differentiation. No other company in Azerbaijan gathers the local activities in one platform and suggests to visitors real experiences from real people.

S2 Human resources of the company, competence of the team members in different factions of the work, commitment and dedication of the team. The founder and operational team of Baku XP are the same 4 people; they are nurturing their common company with specific dedication. As well as all team members are competent in different parts of the company's work: Product development and supply; Sales and customer relations; Marketing, PR; Design and creative direction

S3 Supply resources of the company, sufficient number of activity (service) providers. The company has a friendship with all the suppliers, all of which are aware of the company's values and ready to offer their experiences with a special commitment to the core values.

S4 Wide range of offers (experiences) to meet expectations of different socio-cultural groups and psycho types. Baku XP has a wide range of interesting local activities in the product (service) mix, presented in the previous section of this plan.

S6 Strong internal relations and communication with the team, chances for business relations. As the founder and operational team of the company are two families and friends, they have strong internal communication. As well as business relations with Azerbaijani Tourism Board build on the friendship with its leaders is a real chance.

S7 Special branding with tone of friendliness and calmness. The company developed a unique eye-pleasing brand look with calm tones of color and design. Website of the company prepared with easy navigation and extra security standards.

### **Weaknesses:**

W1 Limited financial resources. The initial financing of the company is based on "Out-of-Pocket Investment". The further existence of the company might be dependent on sales revenues. As a contingency plan the company might apply for governmental credits for fresh businesses.

W2 Lack of experience in startups in general and tourism startups. The major part of the work will be done by trial and error. However, Baku XP is created with great enthusiasm and dedication of the founders, difficulties in the beginning will teach the team to make correct decisions after. As the company does not aim to be branded as a professional tour operator or tourism agency, but the local community, a reflection of minimal errors on the public won't cause critical situations.

W3 Relatively weak communication with suppliers. Even though the suppliers are friends of the main team members, keeping them all updated at the same time cause difficulties. To keep the internal communication on higher standards the company will develop a profound communication system between the operational team and suppliers. This includes consistent email and phone linked notification system, trainings and workshops for the suppliers, testing systems for quality of delivered services, feedback reviews and more.

W4 Newness to the market, difficulty to claim the trust of the audience. As most of the customers used to shop products based on the rating level, a freshly launched company with a low number of reviews can seem less trustworthy. By providing special offers at low prices in the beginning, as well as high quality service, building a professional brand look that contains unique tone of friendliness and calmness, attaching the special security licenses to

its website, the company aims to capture the trust of the customer, which will show itself on the reviews later.

W5 Compliance with regulatory requirements. As the company does not want to be branded as a tourism agency it is not registered as such, but separate low-income startup company. The tax regulations for tourism agencies and low-income businesses in Azerbaijan are different. In case the income of the company will majorly grow in the future, the registration of the company would be changed.

### **Opportunities:**

O1 Favorable political, economic and socio-cultural environment in Azerbaijan for tourism, eased visa procedures. This opportunity creates a chance for actual start of the tourist oriented business in Azerbaijan. Eased visa procedures will increase the number of tourists, that means available potential market for Baku XP will grow. Economic situation will help to sell the services at expected prices. Socio-cultural events involving the tourists to the country can be a chance to create a special event-based offers.

O2 Increased number of inbound tourists, the burst of interest in tourism in Azerbaijan, as well as, interest of potential customers in Baku XP. Burst of interest in Azerbaijan might be reflected in interest to the local culture and authentic life here, this creates a chance to position Baku XP as the rare opportunity to live local culture.

O3 Technological development and transition of tourism procedures to online. No physical on site (office) existence of the company offline is required to be among the top tourist-oriented companies. Website of the company and all the online existence is sufficient to keep its business in top ranks.

O4 Communication opportunities on global travel platforms online, social media and blogs. Global travel platforms are the huge traveler community to target local tourism oriented business, social media and blogs are the new forms of WOM and is more trustworthy for customers than advertising. Baku XP will involve all these tools in its communication.

O5 Low number of direct competitors, gap for authentic experience providers. A low number of direct competitors allows penetrating the market with a different brand. But the differentness of the brand needs to be communicated explicitly.

### **Threats:**

T1 Global crisis of tourism industry due to COVID-19 pandemic. The destructive results of the COVID-19 pandemic on the global tourism industry will remain for a long time.

However, as it shows the history, people return to travels as soon as it is available again. After the long period that people were locked at their homes they will need to go out to see the world. Baku XP will start its work after the crisis around the pandemic will subside. As the main players of the tourism industry will reset after the pandemic there will be a chance for local businesses to compete with the big names.

T2 Wide potential market, possibility for incorrect targeting. There is a threat to consider incorrect segments of potential market as the target audience for Baku XP. The marketing control will help to the company to realize possible errors in the marketing strategy and change its direction.

T3 Regulations by governmental institutions. Governmental regulations on new businesses in Azerbaijan change very rapidly. Intensive monitoring of changes will help avoid further problems. At the same time, Baku XP will lead the major part of the business and finance through international systems to avoid unexpected governmental regulations.

T4 Low barriers for new entries. The opportunities to lead the business online eases the entries of the new competitors. To compete with these new entries Baku XP will put effort into delivering high-quality service, well promotion as high-quality service, as well as fast execution of the marketing activities.

## **9.5 Segmentation, targeting and positioning**

Among the potential market of global inbound tourists in Azerbaijan, Baku XP will target three segments:

- inbound visitors to Azerbaijan coming from the neighboring countries, with a low language barrier, 19-65 years old, traveling alone, with friends or family, and searching for the local authentic or familiar activities to discover;
- potential inbound visitors coming from the countries of the Persian Gulf and countries with eased visa procedures for Azerbaijan, English speaking, 19-65 years old, traveling alone or with family, and searching for the local activities to discover, to spend time with family, or activities that are not allowed in their home countries (like local wine tasting for Muslim);
- potential inbound visitors to Azerbaijan coming from Europe and/or the US, English speaking, 19-65 years old, traveling alone or with a partner, and searching for local authentic activities to discover, try and spend time like a local.

The common characteristic of all three segments is that they search for the activities online. For the launch period of the company, only the consumer market is considered to target. Baku XP position itself as the unique service in Azerbaijan gathering around locals that share their authentic experiences with guests for them to feel true local culture, as well as Baku XP, is the company that values authenticity and social responsibility to the local community over touristic attractions. Purchasing the activities from Baku XP the visitors can be sure that they experienced the real culture in Azerbaijan, as well as contributed to the local community.

## **9.6 Mission, vision (direction) and objectives**

Mission statement of Baku XP is formulated as following:

“Baku XP provides a real authentic experience of local culture to visitors of Azerbaijan through the local community, out of touristic attractions, and at cost-effective reasonable prices.”

Vision of the company (up to three or five years) will be supported by the direction of marketing activities during these years. The vision statement of Baku XP is:

“To set a trend of experiencing Baku, Azerbaijan by and with its local people, to become the first company that experience (local activity) seeking visitors in Azerbaijan will choose.”

Based on this mission and vision statements following objectives were formulated for the launch period of Baku XP:

*Marketing objectives:* to generate first-year brand awareness of 30% within the consumer market; place Baku XP experiences in 5 main global travel platforms; have a fully operational website for e-commerce; have active business accounts on three social media platforms with professional brand design and raise the number of followers on the platforms to 2000 each; fully introduce all available at the moment experiences to the audience till the end of the launch year.

*Financial objectives:* achieve the launch year turnover of 10 000 USD; reach the break-even point for all marketing activities within 12 months; achieve at least 10% profit in the second year after launch.

*Societal objectives:* support socially responsible trade by selling local activities from local people.

## **9.7 Marketing strategy and programs**

Marketing strategy and programs supporting the marketing plan of Baku XP are presented here in 5 sections – product and brand decision, pricing decision, channels of distribution and logistics decisions, marketing communication decisions, as well as customer service decisions.

### **9.7.1 Product and brand decisions**

Currently, Baku XP has 11 products (experiences) all curated by different locals. In order to avoid difficulties with management of quality, the company decided to introduce these experiences gradually during the year. Each 2 months new set of 2 or 3 different experiences will be introduced, and in 6 months all the available at the moment products will be marketed on the website of Baku XP and 5 main travel booking platforms. According to the results of conducted customer analyses and high interest of the customers in particular offers the following sets were grouped together:

*First phase of the experience introduction (at launch):*

- Photography along the city (with professional photographers as curators),
- Bazar visit and shopping,
- Carpet making (with masters in the factory),

*Second phase of the experience introduction (2 months after launch):*

- Cooking (in the kitchen of national cuisine restaurant with supervision of the professional chef),
- Artist studio visit and drawing,
- Nightlife (Clubbing and pub crawling),

*Third phase of the experience introduction (4 months after launch):*

- Fishing (in Caspian Sea),
- Biking and sightseeing
- Local wine tasting

*Fourth phase of the experience introduction (6 months after launch):*

- Pottery making,
- Off-road (trip to the regions),

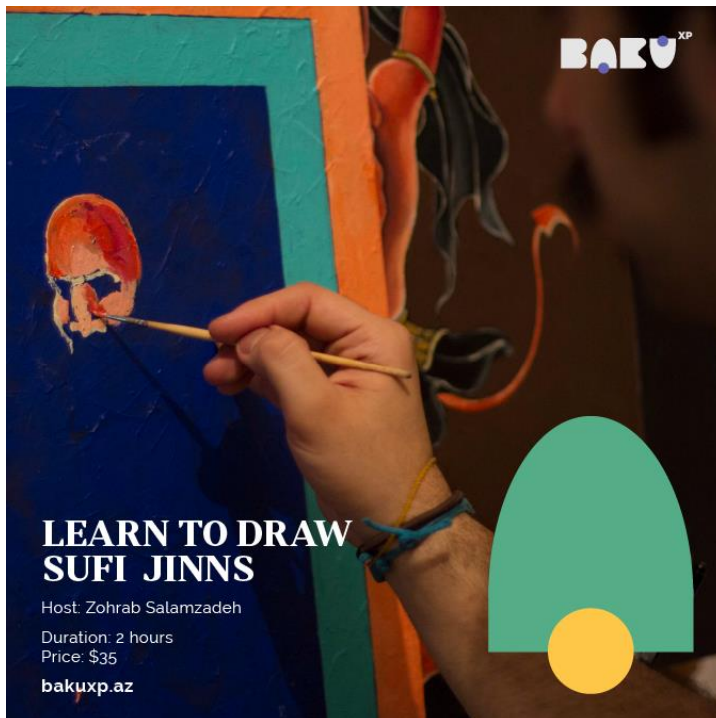
All the experiences will have specific branding elements.

As the services don't have packaging, eye-pleasing brand elements replace the feeling that customers get through nice packaging. Below are the brand elements and look that is developed for Baku XP.



Picture 7. Logo of Baku XP (Source: Baku XP, prepared by Aykhan Khalilov)

The logo is designed in calm colors with playful elements. (Pic.7) The letter A of BAKU in the logo represents the symbol of local that delivers his experience, and letter U represents the international guest receiving this experience.



Picture 8. Brand visual of separate Baku XP experience for social media post (Source: Baku XP, prepared by Aykhan Khalilov)



Picture 9. Brand visual of informative post for social media (Source: Baku XP, prepared by Aykhan Khalilov)

### 9.7.2 Pricing decisions

On the basis of research made among competitors and customers the following pricing decisions were made for the each of offers:

Photography along the city (with professional photographers as curators) – 25\$

Bazar visit and shopping - 45\$

Carpet making (with masters in the factory) – 40\$

Cooking (in the kitchen of national cuisine restaurant with supervision of the professional chef) – 65\$

Artist studio visit and drawing – 35\$

Nightlife (Clubbing and pub crawling) – 30\$

Fishing (in Caspian Sea) – 20\$

Biking and sightseeing – 20\$

Local wine tasting – 60\$

Pottery making – 35\$

Off-road (trip to the regions) 85\$

If each of the services would be purchased at least 3 times each month during year, by the end of launch year we will reach the turnover of 10 000\$ and 10% profit in the second year.



### **9.7.3 Channels of distribution and logistics decisions**

The main distribution channel of Baku XP is the website of the company. Customers can book and pay with credit card for the experiences directly on the website. The alternative channels are 5 main travel booking platforms that Baku XP will create accounts at (TripAdvisor, Viator, Like a local, Booking.com, Lonely Planet). As the travel booking platforms get payment for placing the offers there, prices of the experiences will be 10% expensive on the travel booking platforms than prices on the website of Baku XP.

Logistics of the offered services include transportation of the guests to the location of the service providers. As the providers are locals they have different location in the city or regions. Transportation vehicles and drivers will be outsourced.

### **9.7.4 Marketing communication decisions**

Initially, it was planned to include paid advertising in the marketing communications plan of Baku XP. However, after analyzing the market and considering the company's start-up costs, it was decided to build the marketing communication of the company and influence mostly online presence via Website and SEO, global travel platforms, PR and travel blogs, sales promotion and especially social media. Messages of Baku XP will use the emotional appeal of status, incorporate the "local heroes" concept, being non-touristic attraction, as well as local business positioning with social responsibility ideas.

*Website* – easily navigated pages with minimalist design, light loading pictures, all the information on purchase phases given in advance, security licenses needs to be mentioned, as well as blog on the website needs to be active with weekly posts to be useful to travelers to Azerbaijan;

*SEO* – optimize the website and blog for the main keywords to be found on the first ranked results in search engines;

*Global travel platforms* – increasing ranking with positive reviews of customers, suggest special packages in return to reviews;

*PR and travel blogs* - communicating the “local heroes” concept and associating it with the brand image, media interviews, social media interactions, building positive WOM and awareness through cooperation with popular travel blogs;

*Sales promotion* – special offers to selected consumers, holiday and seasonal sales;

*Social media* – constant posting at least once a day at Facebook and Instagram, interesting videos from the experiences on YouTube, hashtags to create viral sharing.

### **9.7.5 Customer service decisions**

To support our marketing plan and build positive relationships, customer service will be built with one of the team members of Baku XP constantly checking on customers and consumers, helping them during different phases of the purchases, answering questions on all communication channels, and following the delivery schedules. For easing the purchase decision of the customer's special cancellation policy was decided to apply on Baku XP purchases - no strings attached policy up to 12 hours before the start of the experience.

### **9.8 Financial plans and budgets**

For the initial forecast, Baku XP aims to achieve a first-year turnover of 10 000 USD and increase this turnover by 20% in three years. We expect to reach the break-even point for all marketing activities within 12 months and earn at least a 10% profit in the second year after launch. The initial budget for the startup period is based on "Out-of-Pocket Investment". We expect that after this period the company will be operating on sales revenues. If the turnover of 20% is reached by the end of third year, the company might apply for governmental credits for fresh businesses to grow the company offers.

### **9.9 Metrics and implementation controls**

To make sure that the marketing plan of Baku XP is implemented on time, we will adhere to weekly schedules and organize team meetings twice a week for overview of the progress and control. The main performance indicators for evaluating the results of the marketing plan of Baku XP are brand awareness, sales trends and customer retention. We have chosen the following metrics to see the progress towards our objectives:

- Number of sales for each experience (analyzed weekly, monthly and quarterly);
- Profitability (analyzed monthly by sold experiences);
- Customer perceptions of the brand and attitudes towards it (quarterly monitoring the follower numbers and activity on social media, customer feedback on the travel booking platforms and rank of the company among all the listings there, as well as direct customer feedback)
- Search engines result page (SERP) position (quarterly monitoring the position of Baku XP for different related keywords in SEO tools).

If the results won't show the effectiveness of marketing plan in 6 months after launch, the contingency plan will be developed and implemented.

## **CONCLUSION**

The main goal of this thesis work was creation of initial marketing plan of the new service Baku XP in Baku, Azerbaijan. The theoretical framework of creation and implementation of the marketing plan, as well as marketing in services, marketing in travel and tourism was studied in the first part of the thesis.

In the analytical part of the thesis external and internal environment for development of new tourism business in Azerbaijan was introduced. Analysis of main competitors and extended customer analysis for Baku XP service was conducted, results of which was also presented in the second part of the work.

Research questions was responded and based on the results of analysis marketing plan for the service Baku XP was designed and introduced in the project part of the work.

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<https://banker.az/birinci-devalvasiyadan-3-il-otur/>

<https://monitoring.az/assets/upload/files/d53a6f3606f2ec987a4084ee6664380e.pdf>

<https://report.az/turizm/samir-dubendi-azerbaycanin-turizm-sektoru-iflasa-ugraya-biler/>

<https://report.az/turizm/ruslan-quliyev-devalvasiyadan-sonra-azerbaycan-xarici-turistler-ucun-ucuzlasib/>

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<https://evisa.gov.az/en/>

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[https://tourism.gov.az/uploads/documents/statistic/2019/\\_report\\_jan\\_az.pdf](https://tourism.gov.az/uploads/documents/statistic/2019/_report_jan_az.pdf)

<https://www.stat.gov.az/source/tourism/>

[https://www.europarl.europa.eu/RegData/etudes/ATAG/2020/649368/EPRS\\_ATA\(2020\)649368\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2020/649368/EPRS_ATA(2020)649368_EN.pdf)

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BakuSightseeing.com

Baku-tours.com

winetour.az

Bestbakutours.com

Testour.az

Guidedazerbaijan.com



## **LIST OF ABBREVIATIONS**

AR/VR - augmented and virtual reality

ATB - Azerbaijan Tourism Board

ATMU - Azerbaijan Tourism and Management University

B2B – business to business

B2C – business to consumer

BSEC - Black Sea Economic Cooperation

CEO - Chief Executive Officer

CIS - Commonwealth of Independent States

COVID – coronavirus infection

DMC – destination management company

DMO - destination marketing organization

ECO - Economic Cooperation Organization

GNP - gross national product

GUAM - Organization for Democracy and Economic Development

MICE - meetings, international conferences, and events

OTAs - online tourism agencies

PEST – political, economic, socio-cultural, technological

PESTLE - political, economic, socio-cultural, technological, legal, environmental

PR – public relations

SARS - severe acute respiratory syndrome

SEO – search engine optimization

SIP - SARS induced panic

SMEs - medium-sized enterprises

UAE – United Arab Emirates

UNWTO – United Nations World Tourism Organization

WOM – word of mouth

WTO - World Tourism Organization

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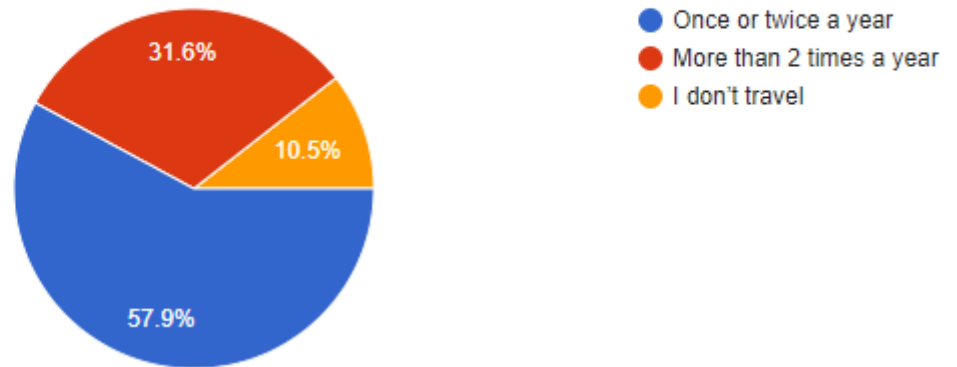
## **APPENDICES**

1. Graphics from online survey
2. Figures from SEO tools
3. Pictures of Baku XP branding

## APPENDIX 1: Graphics from online survey

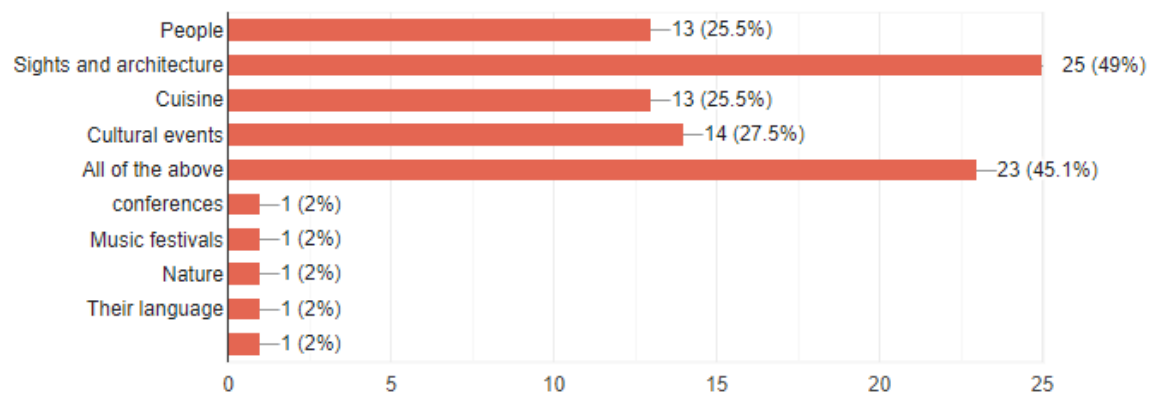
### 1. How often do you travel to a new country?

57 responses



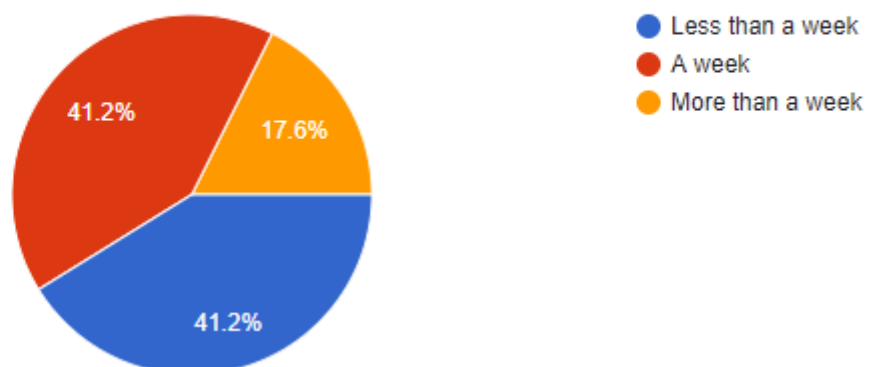
### 2. What interests you the most in the new country you go to?

51 responses



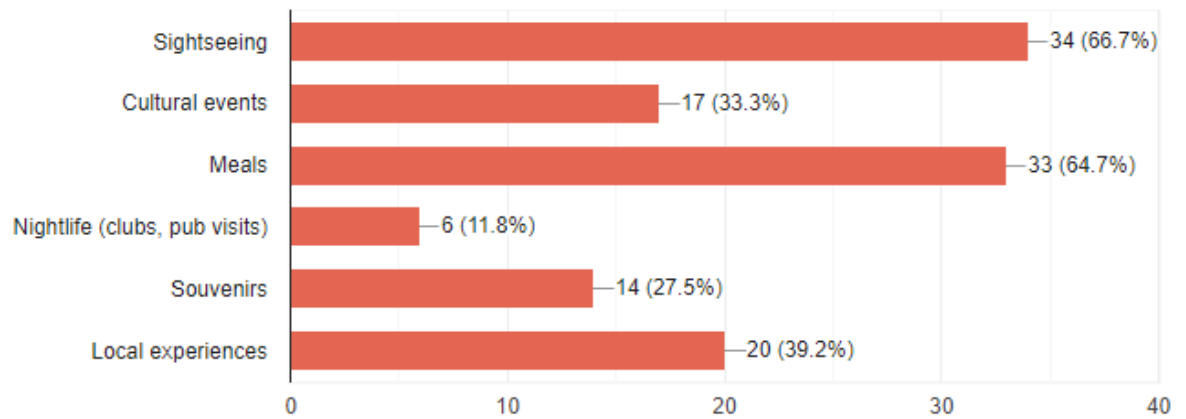
### 3. How much time do you usually spend in a new country you travel to?

51 responses



4. What do you usually spend most on in the country you travel to? (Excluding flight and accommodation expenses)

51 responses



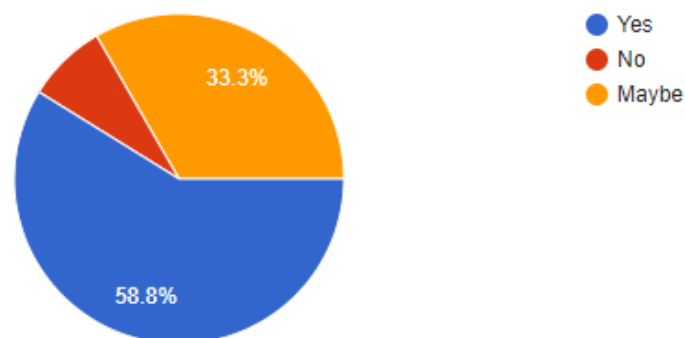
5. Who typically plans a program and details of your trip?

51 responses



6. Do you usually add to your travel program activities and experiences suggested by locals?

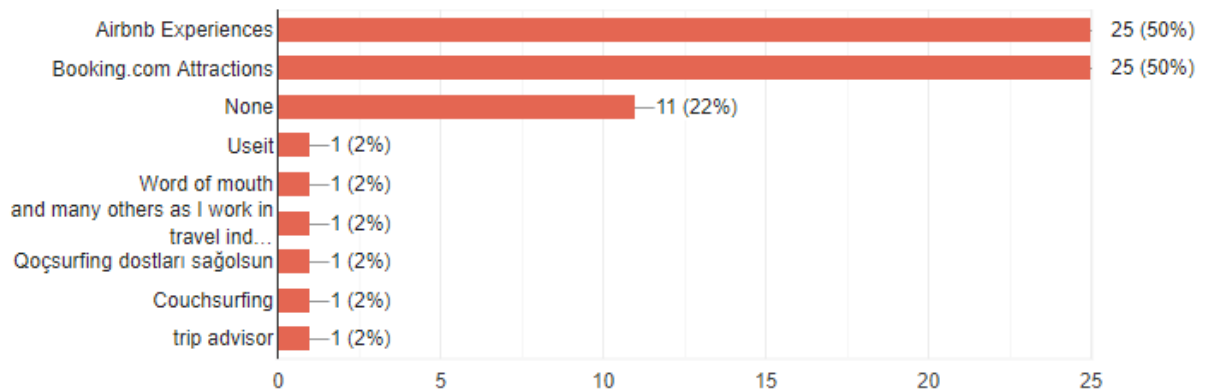
51 responses





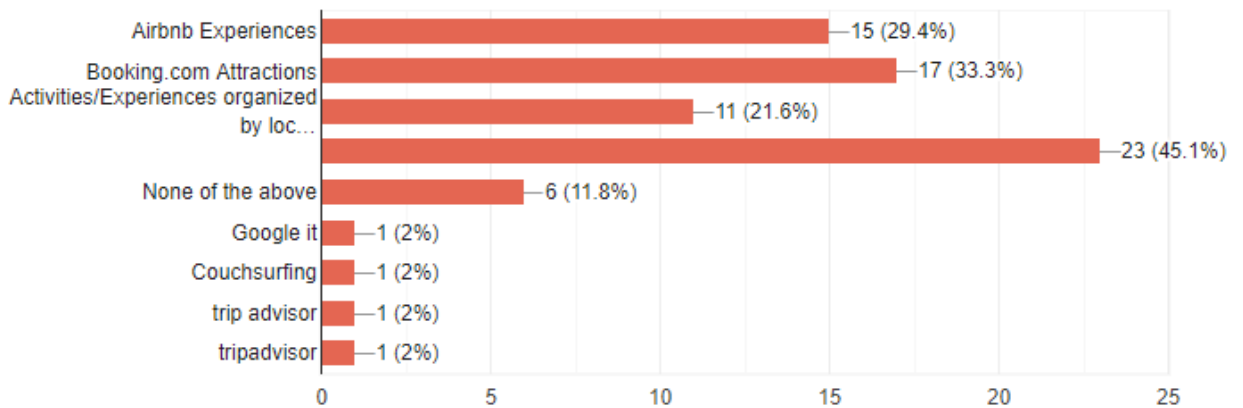
7. Which of the services suggesting activities by locals are you aware of?

50 responses



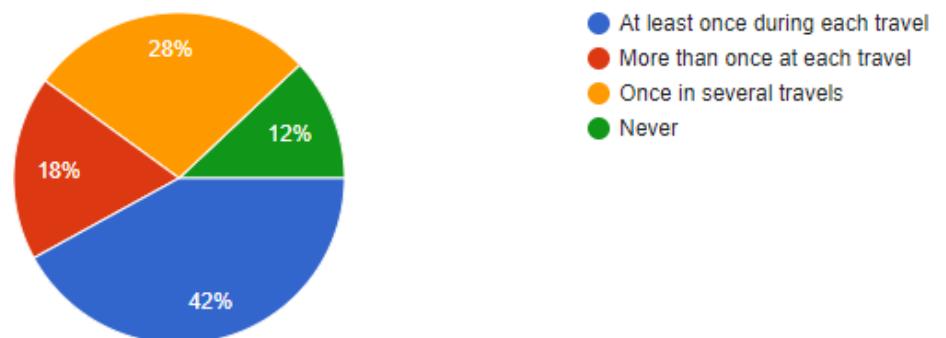
8. Which of the service (or services) below you used during your travels?

51 responses



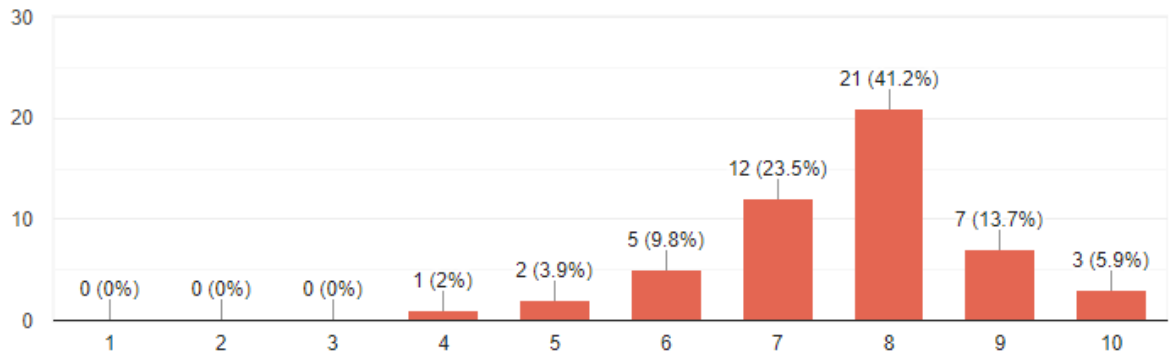
9. How often do you use service category mentioned above to purchase local experiences in the countries you travel to?

50 responses



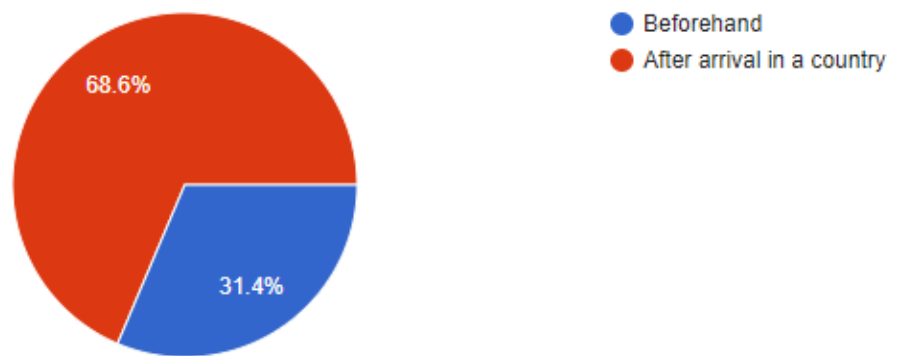
10. How do you rate in average your experience with services offering activities by locals?

51 responses



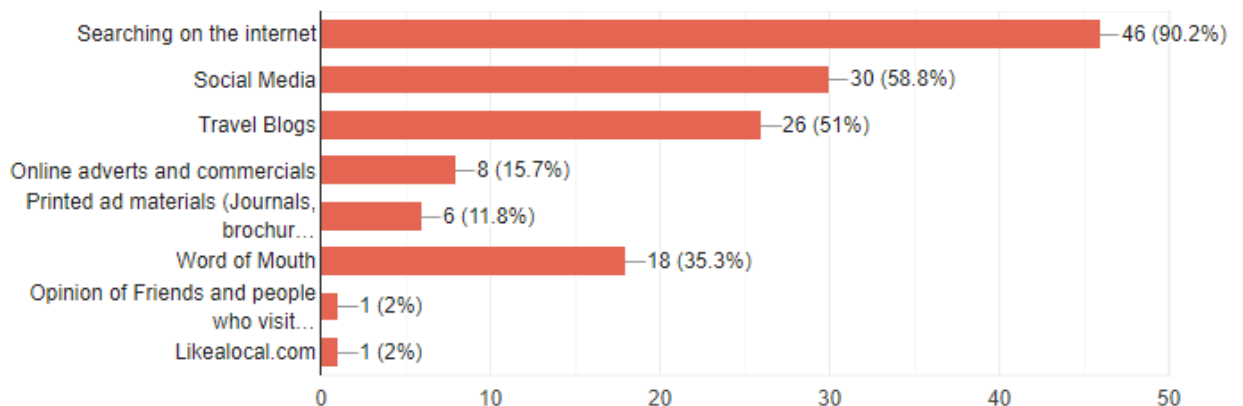
11. Would you rather purchase experiences suggested by locals beforehand while making travel program or after arrival to a country and finding out more about suggestions?

51 responses



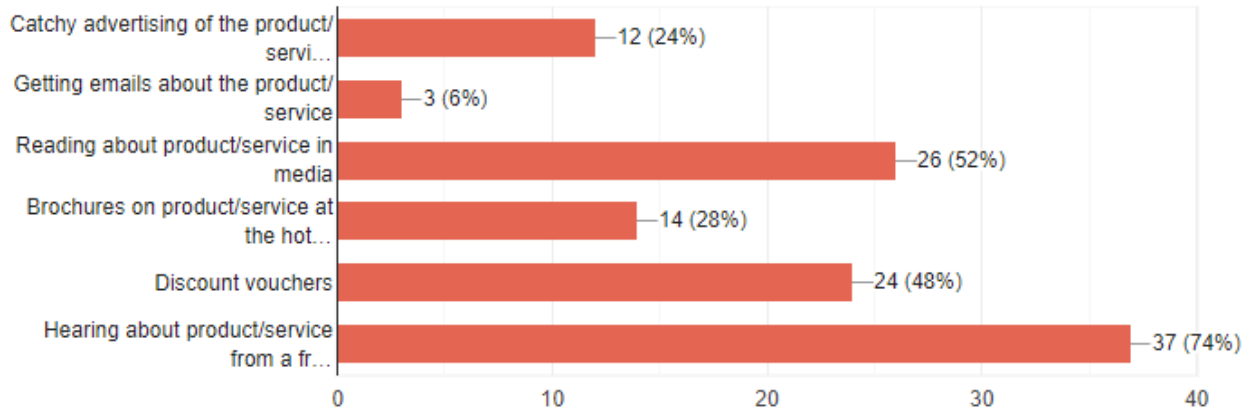
12. While making travel decisions, how do you typically find out about culture specifics and local activities in the destination country? (Please select all that apply)

51 responses



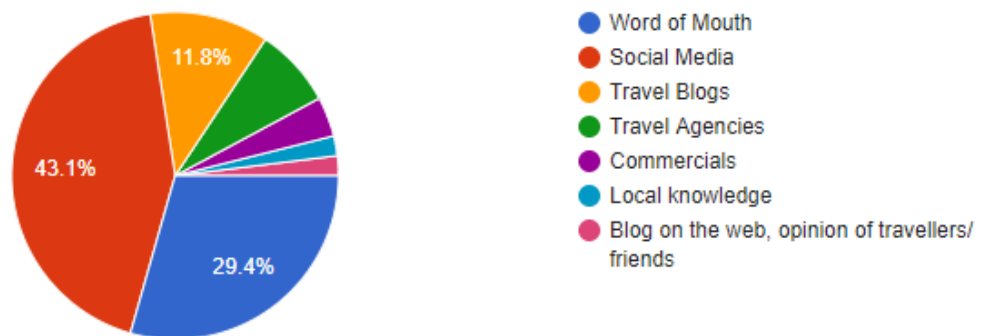
13. Which of the following can arise your interest in specific travel products and services?  
(Please select all that apply)

50 responses



14. Which of the following influences your purchase decisions on travel products and services the most?

51 responses



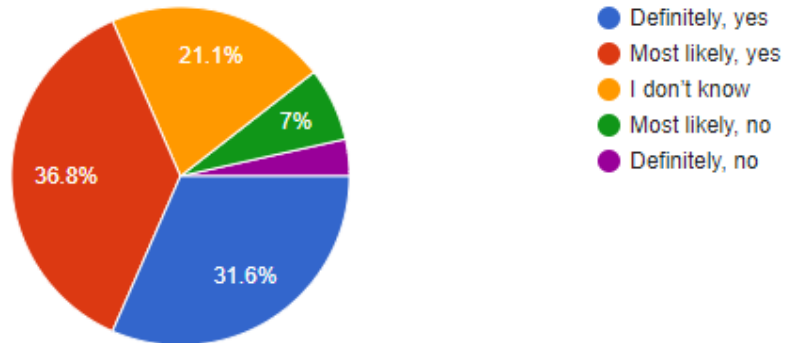
15. Have you ever been to Baku or other sites of Azerbaijan?

57 responses



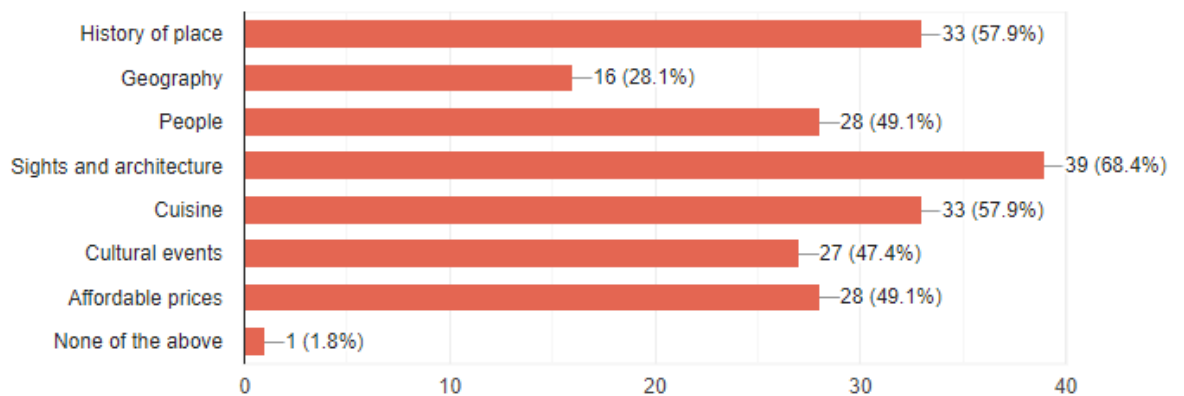
16. Do you consider Baku or any other site of Azerbaijan as a destination for you to travel in future?

57 responses



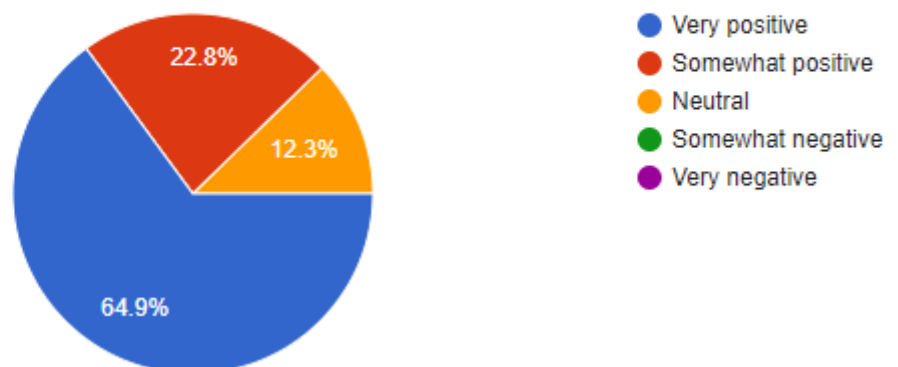
17. Which of the following would make Baku attractive destination for you to travel to? (Please select all that apply)

57 responses



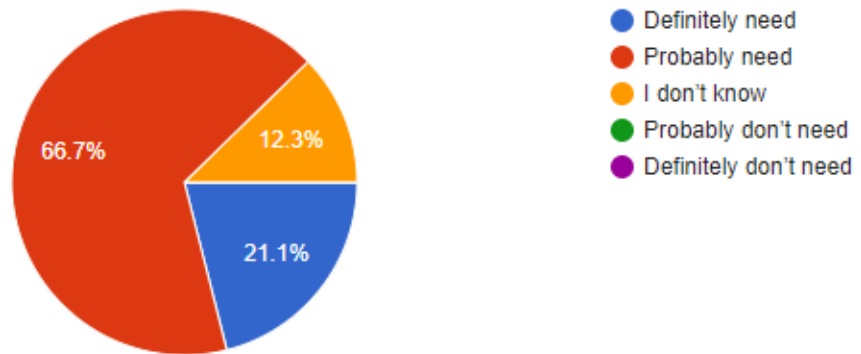
18. What is your first reaction to the service Baku XP?

57 responses



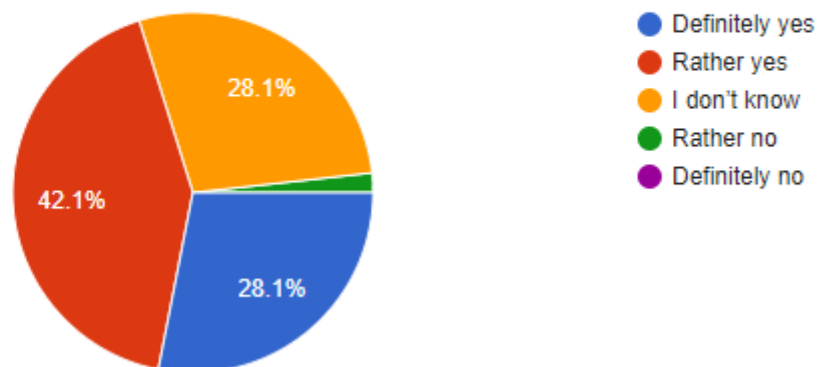
19. When you think about the service Baku XP, do you think of it as something travelers to Baku need or don't need?

57 responses



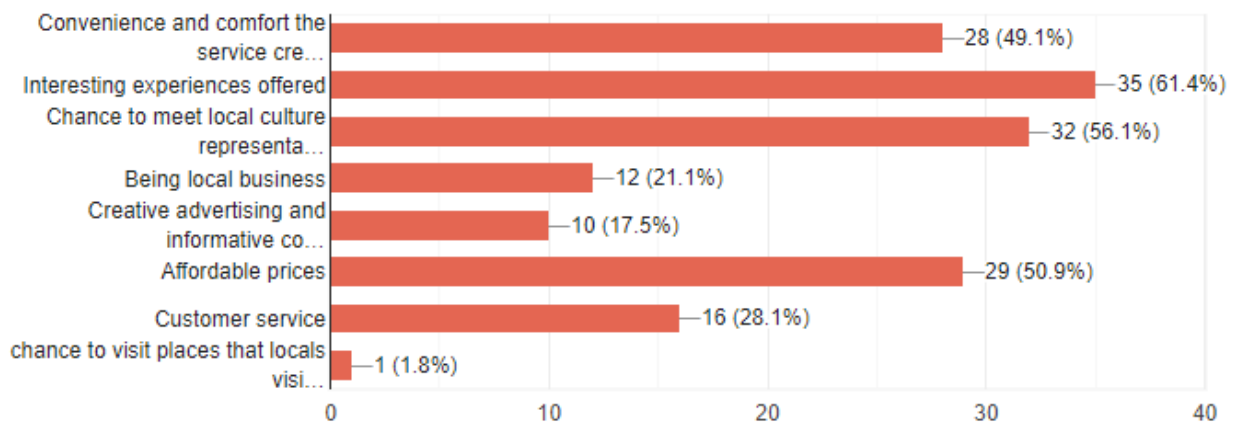
20. Would you purchase any services by Baku XP if you travel to Baku?

57 responses



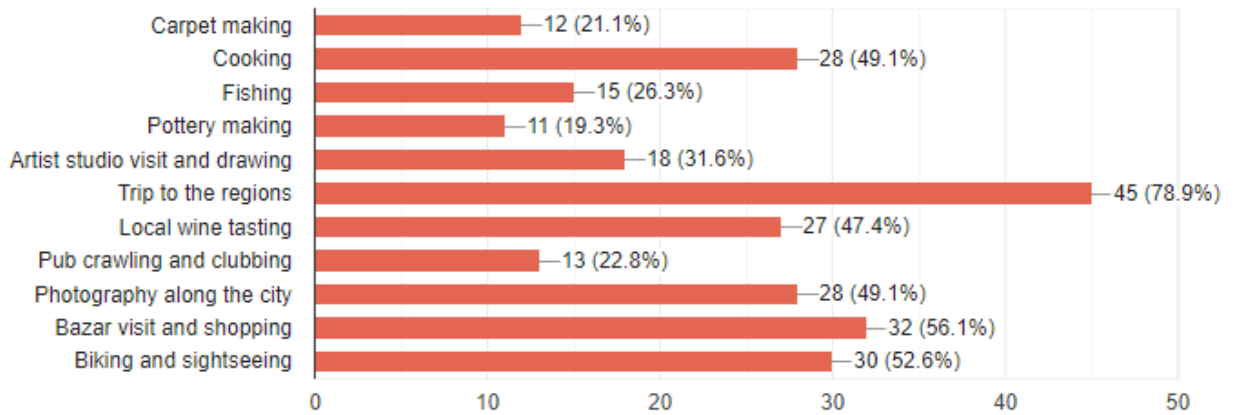
21. Which of the factors would positively affect your buying decision and make you purchase Baku XP services? (Please select all that apply)

57 responses

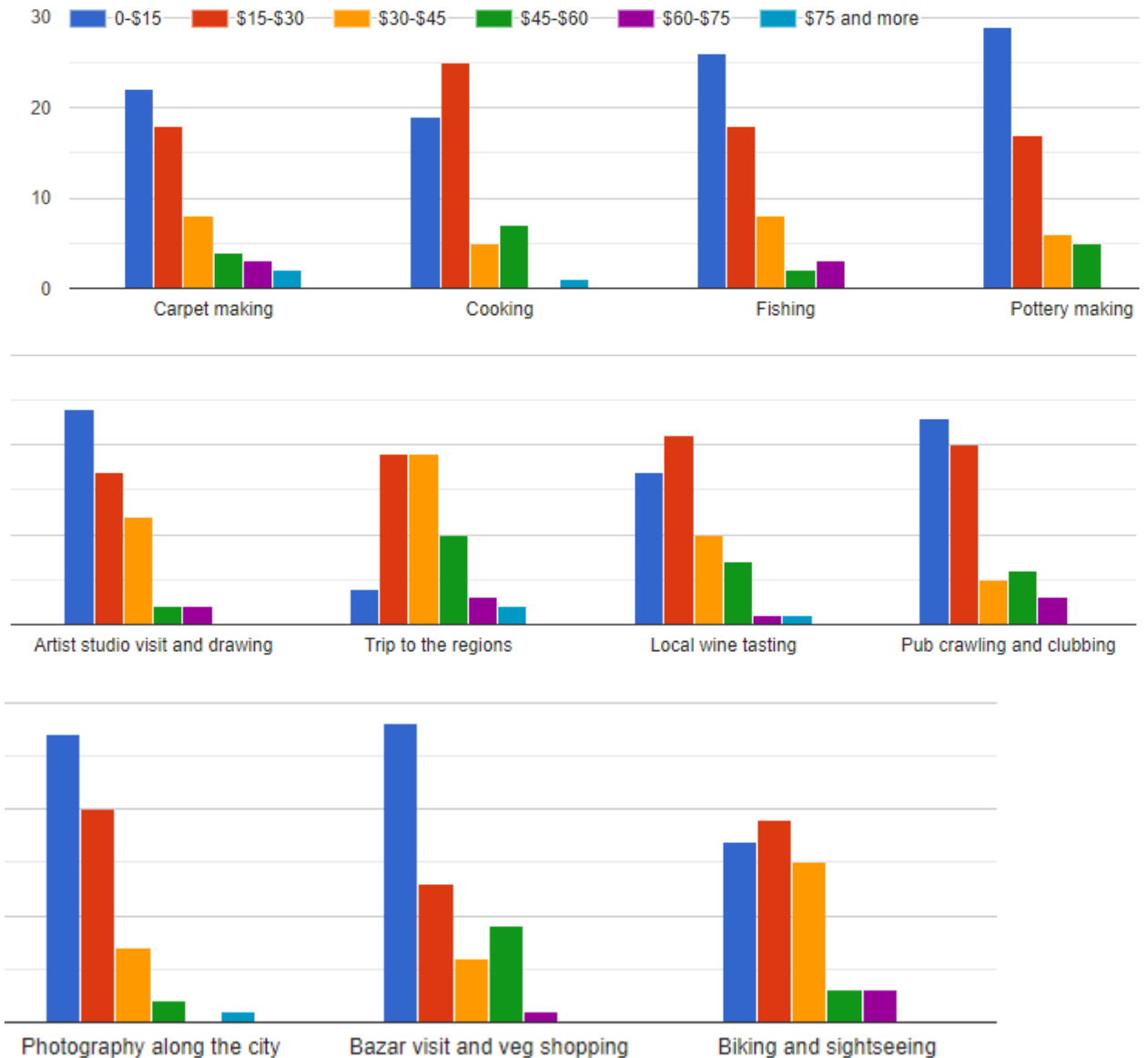


22. Which of suggested services would you rather purchase? (Please select all that apply)

57 responses

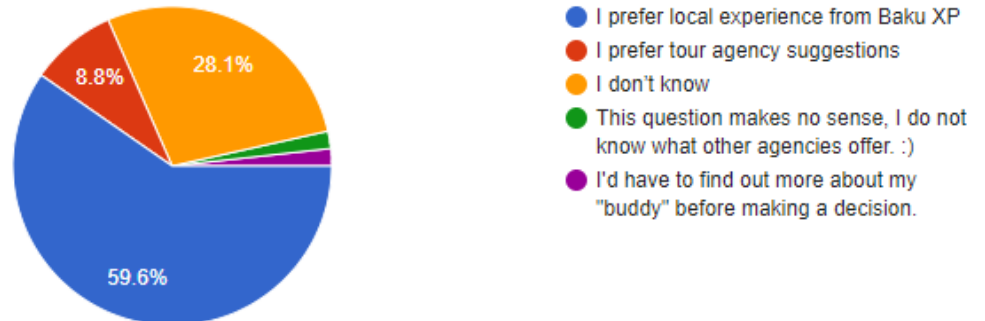


23. How much would you pay for a service in this category? (Please mark for each service)



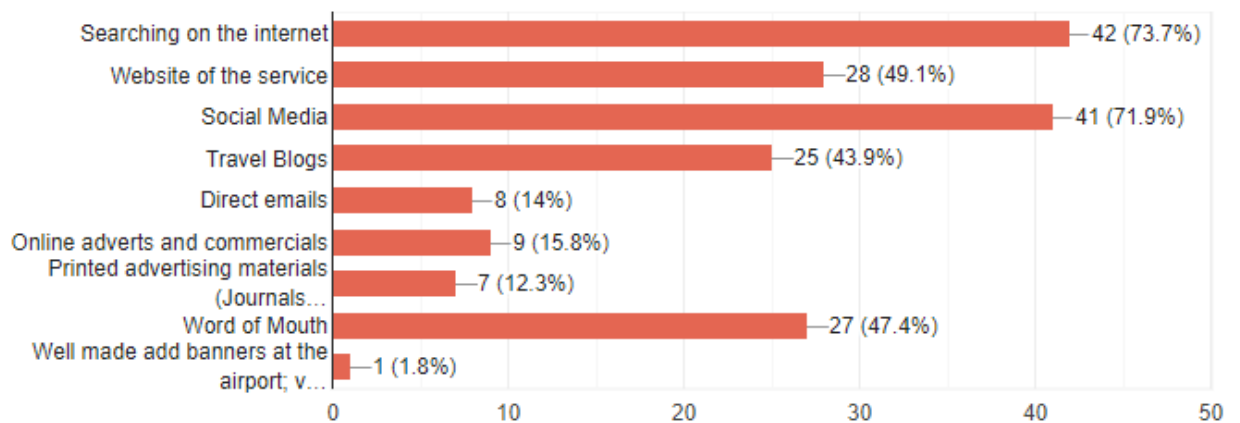
24. Would you rather buy a local experience from Baku XP or other same range service suggested by tour agency?

57 responses



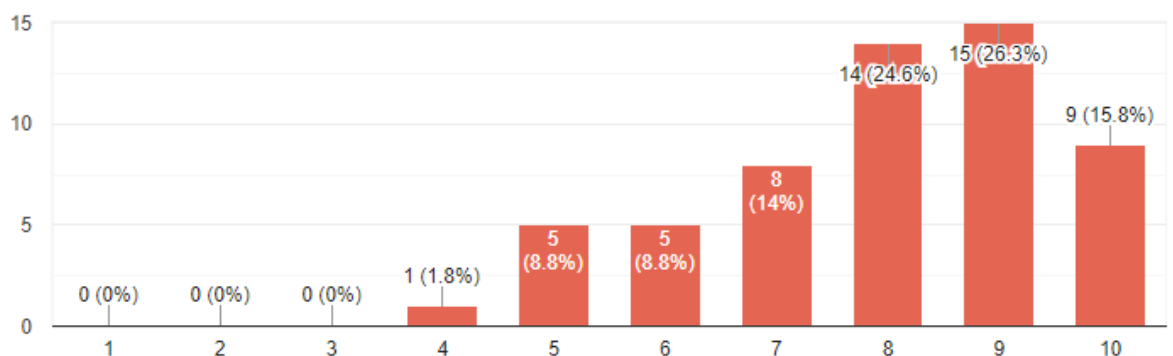
25. Which channel would you prefer to find out more about Baku XP services? (Please select all that apply)

57 responses



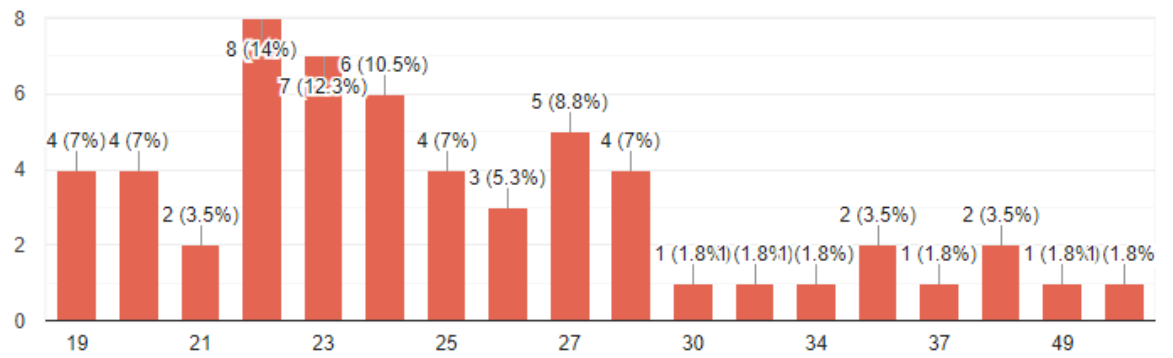
26. Now that you are aware of Baku XP, how likely is it that you would recommend this service to a friend or colleague?

57 responses



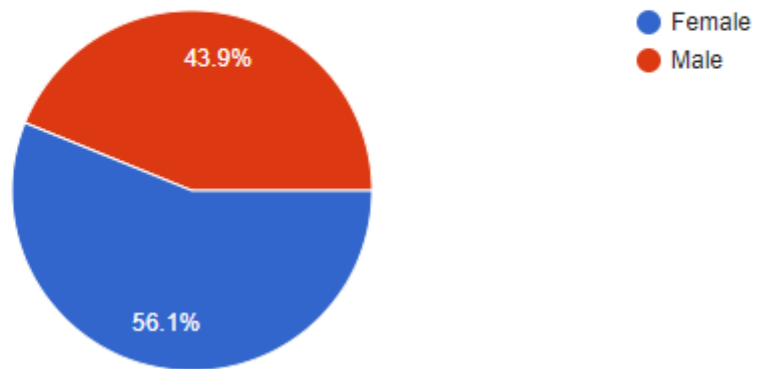
### 27. What is your age?

57 responses



### 28. Are you a ...?

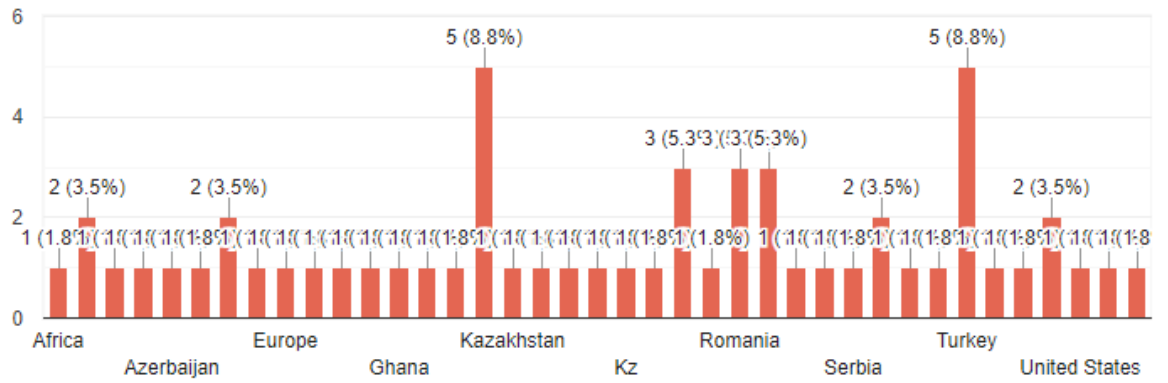
57 responses





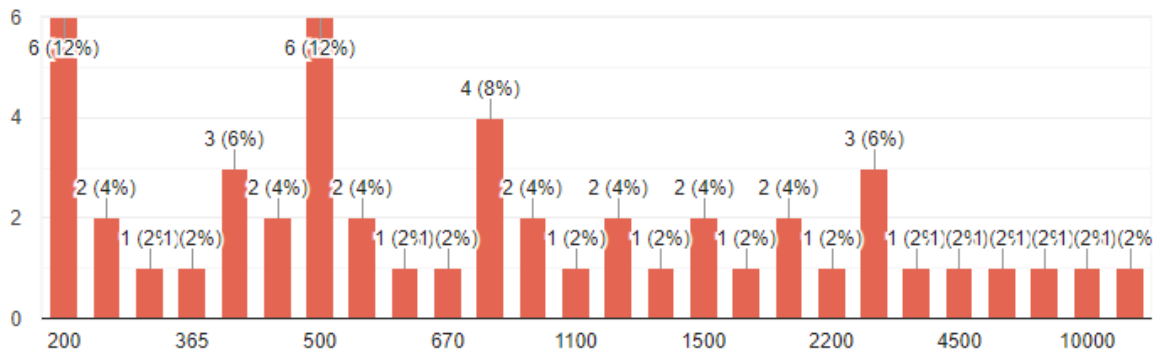
29. Where are you from? (Please specify country)

57 responses

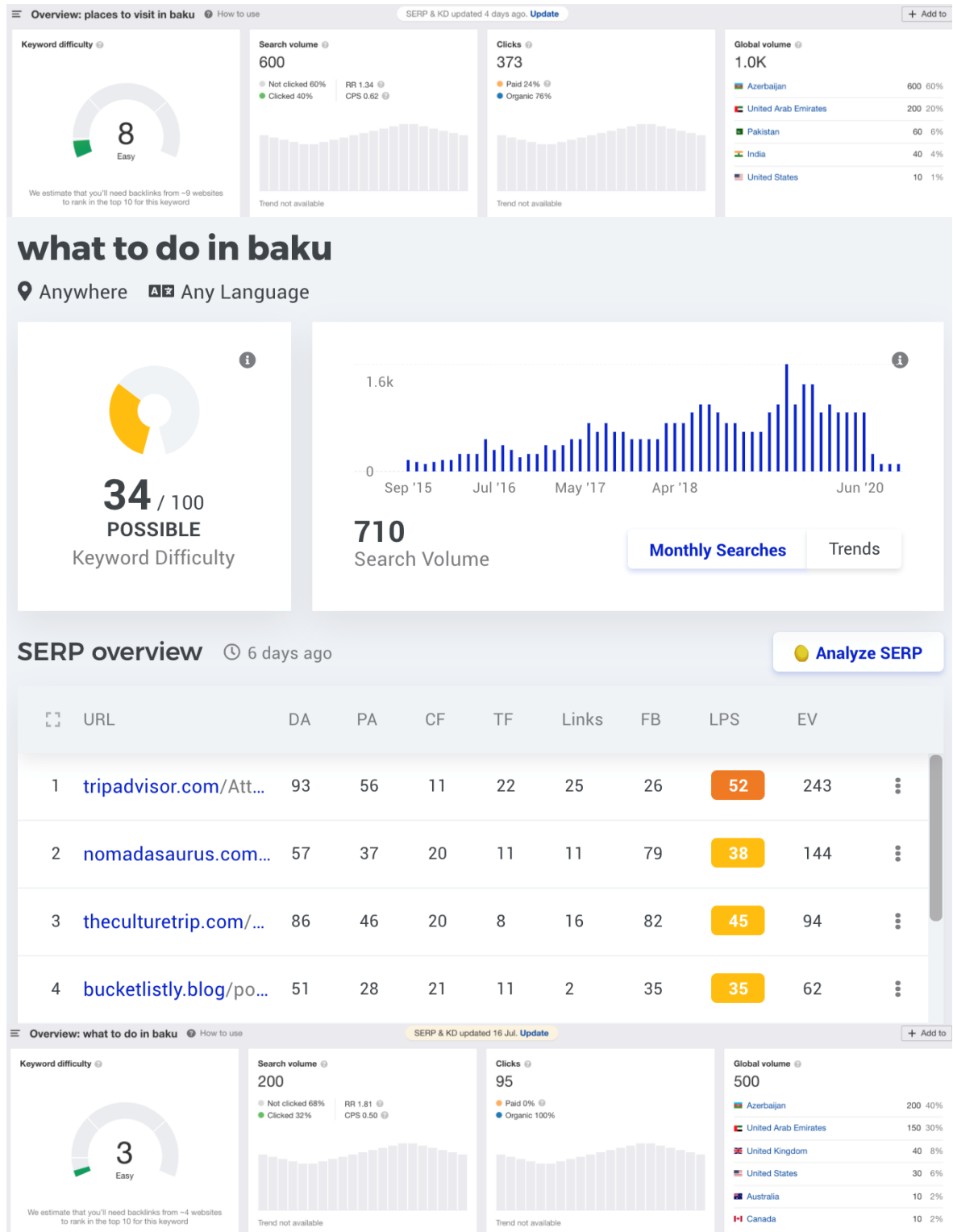


30. What is your approximate monthly average household income? (in USD)

50 responses



## APPENDIX 2: Figures from SEO tools



# things to do in baku

📍 Anywhere 🗣️ Any Language



**35 / 100**  
POSSIBLE  
Keyword Difficulty



**2,700**  
Search Volume

[Monthly Searches](#) [Trends](#)

## SERP overview 🕒 6 days ago

[Analyze SERP](#)

	URL	DA	PA	CF	TF	Links	FB	LPS	EV
1	<a href="#">tripadvisor.com/Attr...</a>	93	56	11	22	25	26	52	925
2	<a href="#">bucketlistly.blog/post...</a>	51	28	21	11	2	35	35	550
3	<a href="#">nomadasaurus.com/...</a>	57	37	20	11	11	79	38	357
4	<a href="#">theculturetrip.com/e...</a>	86	46	20	8	16	82	45	237
5	<a href="#">againstthecompass.c...</a>	43	24	20	9	1	104	30	168
6	<a href="#">travelgeekery.com/be...</a>	41	31	17	10	8	173	31	124
7	<a href="#">likealocalguide.com/...</a>	61	37	20	8	6	27	38	94

**Overview: things to do in baku** 📖 How to use 🔄 SERP & KD updated 6 days ago. Update + Add to

**Keyword difficulty**

**3**  
Easy

We estimate that you'll need backlinks from ~4 websites to rank in the top 10 for this keyword

**Search volume**

**800**

● Not clicked 75% ● Clicked 25%

RR 1.56 ● CPS 0.38 ●

Trend not available

**Clicks**

**305**

● Paid 10% ● Organic 90%

Trend not available

**Global volume**

**3.2K**

- United Arab Emirates 1.2K 37%
- Azerbaijan 800 25%
- India 450 14%
- United Kingdom 300 9%
- Pakistan 150 4%
- United States 150 4%

# baku tourism

📍 Anywhere 🗣️ Any Language

**45 / 100**  
POSSIBLE  
Keyword Difficulty



## SERP overview 🕒 Just now

[Analyze SERP](#)

🔍	URL	DA	PA	CF	TF	Links	FB	LPS	EV
1	<a href="https://www.tripadvisor.com/Tourism-g293934-Bak...">tripadvisor.com/Tourism-g293934-Bak...</a>	93	57	24	23	47	49	59	1.2k
2	<a href="https://en.wikipedia.org/wiki/List_of_tourist_...">en.wikipedia.org/wiki/List_of_tourist_...</a>	98	52	0	0	1	N/A	37	536
3	<a href="https://www.kayak.com/Baku.33415.guide">kayak.com/Baku.33415.guide</a>	83	41	29	18	6	5	52	316
4	<a href="https://azerbaijan.travel/">azerbaijan.travel/</a>	52	47	45	56	10k	3k	74	213
5	<a href="https://meganstarr.com/visit-baku-azerbaijan/">meganstarr.com/visit-baku-azerbaijan/</a>	44	36	25	5	30	125	35	153
6	<a href="https://lonelyplanet.com/azerbaijan/baku-baki">lonelyplanet.com/azerbaijan/baku-baki</a>	92	55	16	14	100	274	51	113

Overview: baku tourism [How to use](#)

SERP & KD updated 26 Jul. [Update](#)

[+ Add to](#)

**Keyword difficulty**

**27**  
Medium

We estimate that you'll need backlinks from ~32 websites to rank in the top 10 for this keyword

**Search volume**

200

- Not clicked 61%
- Clicked 39%
- RR 1.28
- CPS 0.88

Trend not available

**Clicks** **CPC**

192 \$0.00

- Paid 6%
- Organic 94%

Trend not available

**Global volume**

4.1K

India	2.3K	56%
United Arab Emirates	600	14%
Pakistan	300	7%
Azerbaijan	200	4%
Kuwait	150	3%
United States	100	2%

# travel to azerbaijan

📍 Anywhere 🌐 Any Language



**39 / 100**  
POSSIBLE  
Keyword Difficulty



**1,600**  
Search Volume

[Monthly Searches](#) [Trends](#)


## SERP overview 🕒 6 days ago

[Analyze SERP](#)

	URL	DA	PA	CF	TF	Links	FB	LPS	EV
1	<a href="https://travel.state.gov/con...">travel.state.gov/con...</a>	92	57	42	30	163	71	<b>71</b>	553
2	<a href="https://againstthecompass...">againstthecompass...</a>	43	31	21	6	6	49	<b>32</b>	278
3	<a href="https://againstthecompass...">againstthecompass...</a>	43	30	21	9	4	128	<b>33</b>	173
4	<a href="https://gov.uk/foreign-trav...">gov.uk/foreign-trav...</a>	94	60	39	33	2k	408	<b>73</b>	115
5	<a href="https://az.usembassy.gov/...">az.usembassy.gov/...</a>	87	42	9	8	1	0	<b>39</b>	82

**Overview: travel to azerbaijan** 📖 How to use 🔄 SERP & KD updated 7 days ago. [Update](#) ➕ Add to

**Keyword difficulty**



**41**  
Hard


We estimate that you'll need backlinks from ~58 websites to rank in the top 10 for this keyword

**Search volume**

150

Not clicked 58% | Clicked 42%

RR 1.43 | CPS 0.82




Trend not available

**Clicks**

135

Paid 0% | Organic 100%



Trend not available

**Global volume**

350

Azerbaijan	150 42%
United States	150 42%
United Kingdom	20 5%
Australia	10 2%
Canada	10 2%
France	10 2%

# places to visit in baku

📍 Anywhere 🌐 Any Language



**23** / 100  
**STILL EASY**  
Keyword Difficulty



**1,100**  
Search Volume

Monthly Searches

Trends

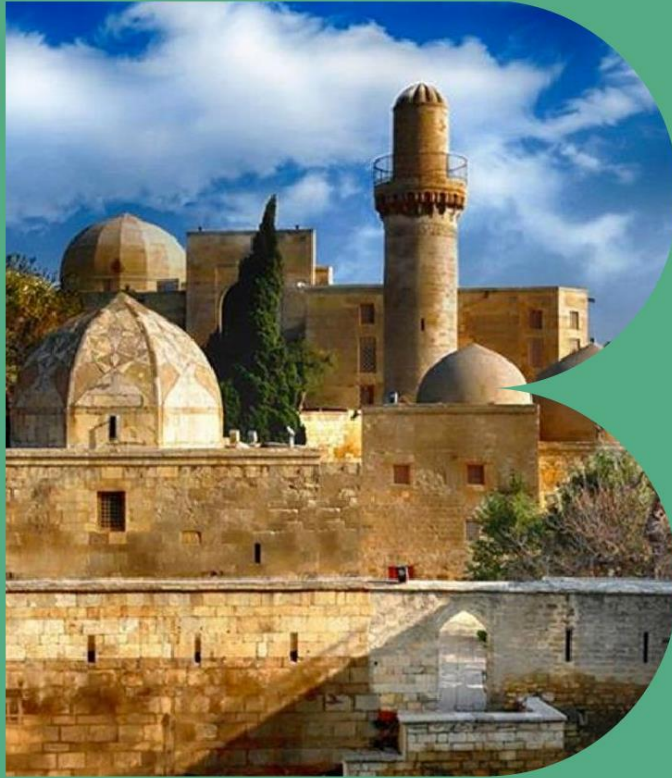
## SERP overview 🕒 Just now

🔍 Analyze SERP


	URL	DA	PA	CF	TF	Links	FB	LPS	EV	
1	<a href="https://theculturetrip.com/e...">theculturetrip.com/e...</a>	86	46	20	8	16	82	45	377	⋮
2	<a href="https://tripadvisor.com/Attr...">tripadvisor.com/Attr...</a>	93	56	11	22	25	26	52	224	⋮
3	<a href="https://thecrazytourist.com/...">thecrazytourist.com/...</a>	61	40	18	0	5	48	34	145	⋮
4	<a href="https://bakuexplorer.com/to...">bakuexplorer.com/to...</a>	25	31	22	5	13	191	28	96	⋮
5	<a href="https://likealocalguide.com/...">likealocalguide.com/...</a>	61	37	20	8	6	27	38	68	⋮
6	<a href="https://nomadasaurus.com/...">nomadasaurus.com/...</a>	57	37	20	11	11	79	38	50	⋮
7	<a href="https://travelinbaku.com/en/...">travelinbaku.com/en/...</a>	16	15	0	0	1	N/A	8	38	⋮

**APPENDIX 3: Pictures of Baku XP branding**

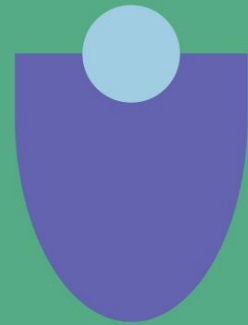




**Reach  
the  
History**  
[bakuxp.com](http://bakuxp.com)



Baku is the largest city on the Caspian Sea and of the Caucasus region. Baku is located 28 metres (92 ft) below sea level, which makes it the lowest lying national capital in the world and also the largest city in the world located below sea level.







**BAKU**<sup>XP</sup>

# LEARN TO DRAW SUFU JINNS

Host: Zohrab Salamzadeh

Duration: 2 hours

Price: \$35

[bakuxp.az](http://bakuxp.az)

