

## *The role of marketing in the formation of a sustainable product policy in the automotive industry in Azerbaijan*

**Abstract:** The role of marketing services in industrial enterprises, particularly in the automotive sector, is vital for socio-economic development. This study focuses on the automotive industry in Azerbaijan, specifically analyzing the alignment of consumer behavior and marketing mix components within the current business landscape. The objective is to explore the impact of social networks and broaden the marketing mix to refine product policy, using the Ganja Automobile Plant as a case study. The research identifies strengths and weaknesses in the consumer-sales complex, providing new strategies to enhance sales performance. Key insights are derived from data provided by the State Statistics Committee and the Ganja Automobile Plant, supplemented by domestic and international research. The paper reviews various marketing philosophies and shifts from traditional one-way communication to interactive two-way strategies facilitated by social media.

Findings from an online survey of tractor consumers reveal key demographics, including age, education, and brand awareness. The study underscores the significance of integrating social media into marketing strategies and enhancing the online presence of the Ganja Automobile Plant. Despite increased competition and growing demand for agricultural machinery, the plant has potential for expansion and export growth. The study concludes with recommendations for improving consumer satisfaction and adapting marketing strategies to align with evolving market needs and technological advancements.

**Keywords:** Marketing services; automotive industry; Azerbaijan; Ganja Automobile Plant; sustainability.

**Összefoglalás:** A marketingszolgáltatások szerepe az ipari vállalkozásokban, különösen az autóiparban, létfontosságú a társadalmi-gazdasági fejlődés szempontjából.

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[1] Humbatov, Y.–  
Ismayilov, V.–Karimov,  
F.–Mammadov S.:  
*Introduction to econo-*  
*mics*. Baku: 2020. -S.  
pp. 200–215.

Ez a tanulmány az azerbajdzsáni autóiparra összpontosít, konkrétan elemezve a fogyasztói magatartás és a marketingmix összetevőinek összehangolását a jelenlegi üzleti környezetben. A cél a társadalmi hálózatok hatásának feltárása és a marketingmix kiszélesítése a termékpoltika finomítása érdekében, a Ganja Autógyárt esettanulmányként használva. A kutatás azonosítja a fogyasztói-értékesítési komplexum erősségeit és gyengeségeit, új stratégiákat kínálva az értékesítési teljesítmény fokozására. A legfontosabb meglátások az Állami Statisztikai Bizottság és a Ganja Autógyár által szolgáltatott adatokból származnak, amelyeket hazai és nemzetközi kutatások egészítenek ki. A tanulmány áttekinti a különböző marketingfilozófiákat és a hagyományos egyirányú kommunikációról a közösségi média által elősegített interaktív kétirányú stratégiákra történő áttérést. A traktorvásárlók körében végzett online felmérés eredményei feltárják a legfontosabb demográfiai jellemzőket, beleértve az életkort, az iskolai végzettséget és a márkaismeretet. A tanulmány kiemeli a közösségi média marketingstratégiákba való integrálásának és a Ganja Autógyár online jelenléte fokozásának jelentőségét. A megnövekedett verseny és a mezőgazdasági gépek iránti növekvő kereslet ellenére az üzemben van lehetőség a bővítésre és az export növelésére. A tanulmány a fogyasztói elégedettség javítására, a marketingstratégiáknak a változó piaci igényekhez és a technológiai fejlődéshez történő igazítására vonatkozó ajánlásokkal zárul.

**Kulcsszavak:** Marketingszolgáltatások; autóipar; Azerbajdzsán; Ganja Autógyár; fenntarthatóság.

## Introduction

The significance of marketing services in the operational framework of industrial enterprises, crucial for the socio-economic development of nations, has been subject to scrutiny by economists and specialists both domestically and internationally, including Azerbaijan. Extensive studies, scientific research, and the authorship of monographs have been dedicated to understanding its role. However, despite research efforts within our country, there remains a gap in achieving a satisfactory comprehensive approach to research in this domain. [1] The purpose of the study in the automotive industry is to align consumer behavior and components of the marketing mix with the prevailing business organizational landscape. Additionally, it involves exploring the role of social networks within this sector on a global scale.

Based on the findings derived from analyzing these changes, the goal is to broaden the scope of the marketing mix within the automotive sector and refine product policy accordingly. The main goal is to study consumer behavior and marketing complexes that arise in the processes of managing marketing activities in enterprises related to the production of automobiles, and the object is automobile enterprises of Azerbaijan using the example of the production association “Ganja Automobile Plant”. [2]

[2] [http://senaye.gov.az./](http://senaye.gov.az/)

[3] [http://marketing.gov.az./](http://marketing.gov.az/)

The article examined the following:

1. Identification of weaknesses and strengths within the consumer-sales complex elements as they pertain to marketing activities within enterprises operating in the automotive and mechanical engineering sector, both locally within the republic and globally.
2. New proposals have been put forth to enhance sales performance.

The information base comprises data sourced from the State Statistics Committee of Azerbaijan and the Ganja Automobile Plant Production Association. The research incorporates the findings of both domestic and foreign authors on the subject, along with insights gleaned from the experiences of foreign nations, internet resources, and information provided by international organizations.

### *Discussions*

Different views on the essence of marketing from the second half of the 1950s to the present day.

- Relationship Marketing Philosophy.
- Integrated Marketing Philosophy.
- Internal Marketing Philosophy.
- Performance Marketing Philosophy [3].

In the evolution of marketing research from the past to the present, the primary objective has shifted. Initially, the focus was on providing customers with additional incentives to make purchases. However, with the paradigmatic transformation in the 2000s, the central aim of marketing pivoted towards encouraging consumers to engage in brand-related conversations.

[4] <http://economy.gov.az/>.

[5] Philip, Kotler (2006): *According to Kotler the World's Foremost Authority on Marketing Answers Your Questions*. Baku, "Law" 2016. -S.

[6] Simon, Kingsnorth (2016): *"Digital Marketing Strategy: An Integrated Approach to Online Marketing"*. Harvard Business School Press, pp. 12–13. Alison: Scott Stratten.

[7] Olgu, Şengül (2018): *"Digital Marketing from A to Z"*. RNK, pp. 152–164.

[8] Gasimli, M.–Taliyeva, G.–Guliyeva, A.–Museyibov, F.–Mirzayev, A.–Gadashov–Ahmadova, G. (2023): *Digital economy*. Baku, pp. 162–170.

Today, aligned with the marketing and communication strategies of brands, there has been a transition from traditional one-way communication to interactive two-way communication with the target audience. This shift has led to the integration of communication channels and the development, modification, and diversification of integrated marketing communication approaches. [4]

The necessary conditions for the formation of a consumer market have been determined. These include:

- There must be people who share common desires and needs.
- There must be a desire and desire to satisfy the need [5].
- Must have purchasing power (money).
- A model called the black box model can be used to explain consumer behavior [6].

When choosing, consumers try to minimize the following risks:

*Performance risk:* The performance of the product we purchase may not be what we would like.

*Financial risk:* In this case, consumers may pay more for a product than it is worth or incur additional costs to use the product.

*Time Risk:* Delivery may be delayed or repairs may take longer [7].

*Physical hazard:* The product may cause harm to both people and other property, e.g. May explode when connected to a current.

*Psychological risk:* For example, they may be afraid to board a plane.

*Social Risk:* Confirmation of the purchase of the social environment. This risk is high among young people.

*Risk of hypersensitivity:* The product purchased may harm the five senses [8].

Consumer behavior is intricately shaped by a multitude of internal and external factors. Cultural, social, and personal factors wield significant influence over consumer purchasing decisions. Sub-factors within these categories include:

1. Cultural Factors:
  - Cultural norms and values.
  - Subculture.
  - Social class.
2. Social Factors:
  - Reference groups.
  - Family influences.
  - Social roles and status.

3. Personal Factors:

- Age and life cycle stage.
- Occupation and economic situation.
- Lifestyle and personality [9].

While marketers cannot directly control these factors, they must be taken into account when devising marketing strategies. Understanding the nuances of consumer behavior allows marketers to tailor their approaches effectively and resonate with their target audience.

According to the survey conducted among tractor consumers via the Internet, which garnered responses from 20 participants, the following insights were gathered:

1. *Age Distribution:*

- 50% of respondents fall within the age range of 35–50 years.

2. *Average Age:*

- The average age of the respondents is 65 years.

3. *Education:*

- All respondents are educated.

4. *Brand Awareness:*

- 50% of respondents are familiar with the brand.

5. *Product Awareness:*

- 55% of respondents are knowledgeable about tractors.

Given these findings and the elements of the marketing mix utilized today, further analysis and interpretation could provide valuable insights for marketing strategies tailored to the tractor consumer demographic [4].

On the other hand, when we look deeper into the 4P concept, it appears to be more business-oriented. The modern concept of marketing requires customer orientation. Accordingly, the 4Ps viewed from the enterprise perspective are considered the 4Cs from the customer perspective. 4C consists of the initials of the English words “customer decision”, “customer value”, “communication”, and “convenience” [10].

[4] <http://economy.gov.az/>.

[9] Nushaba, Gadzhieva (2018): *Marketing. Features of marketing in Azerbaijan*. Lambert Academic Publishing, pp. 523–536.

[10] Nushaba, Gadzhieva (2017): *Product policy in marketing. Study guide*. Ganja, pp. 325–333.

[11] Humbatov, Y.– Ismayilov V.–Karimov, F.–Mammadov, S. (2020): *Introduction to economics*. Baku, pp. 200–215.

[12] Hajiyeva, N. A.– Mammadov, S. C.– Gojayeve, Z. B., Mammadli, Z. T.–Shikhiyeva, X. (2001): *Digital economy*, pp. 133–142.

[13] Vugar Bayramov (2019): *The stability of the national economy*, pp. 101–110.

The questionnaire is distributed through trade agencies to buyers of equipment produced by the Ganja Automobile Plant. Based on the survey questions scored from a minimum of 1 to a maximum of 5, the responses are analyzed and submitted to the marketing department. Following this analysis, the elements of the marketing mix are scrutinized and developed accordingly. Key factors such as technical indicators of tractors, working conditions, economic indicators, versatility, regularity of operation, availability of service, design, and ease of payment are highlighted as crucial considerations. Improving product elements and pricing within the sales complex, as well as expanding the network of sales centers, are identified as important strategies moving forward [11].

According to the results of our survey, tractor consumers want to replace their tractors with new ones within 7–12 years, control the after-sales situation using many means of communication, so that a full-fledged customer business, which began in front of the Ganja Automobile Plant 19 years ago, today turns into a real customer. New means of communication include mobile phones, SMS, Internet, E-mail, video, and social media. Social media marketing is increasingly integral to the evolving landscape of marketing strategies. It's evident that social networks serve more than just platforms for everyday communication among individuals; they also play a crucial role in shaping consumer attitudes towards products or services. Social media enables companies to differentiate their offerings and effectively engage with customers at every stage of the marketing process. [12]

Automobile manufacturers are recognizing the importance of harnessing the power of social networks in their marketing endeavors. By leveraging social media effectively, they can tailor their marketing services to meet the evolving needs and preferences of consumers, thereby enhancing their overall marketing effectiveness. [13]

The company's Facebook, YouTube, and Instagram profiles provide objective, systematic, and digital representations of visual and comprehensible dialogue topics targeted at consumer audiences.

The goal of an enterprise public relations site is to ensure that users stay on the site long enough, have a good time, communicate with the institution when necessary, increase the level of relevance, and ensure continuity. By following the link “<http://ganjaauto.az>” you can familiarize yourself with many features of the company's website, ranging from corporate identity elements to the company's logo and contact information, product range, and company history.

As part of these goals, products are presented on the corporate website of the production association, videos are shown for advertising purposes, although information about the services provided after the sale is reflected, but information about the prices of companies and cars is not published. At the same time as developing a website, it is also important to provide information about sales agencies.

Research shows that the proper use of social media by businesses should be incorporated into marketing strategies. According to statistics, large car manufacturers allocate enough money for advertising on social networks. For example, Ford spends 55% of its advertising budget, Chevrolet 54%, and Nissan and Volkswagen prefer advertising on Facebook rather than on social networks alone. Mercedes, Honda, Cadillac, Hyundai, and Kia allocate almost half of their advertising budget to the YouTube platform [14].

Currently, along with the official page of the enterprise on the social network Facebook, there is a page of the trading agency Agrotextehizat LLC. Advertising and videos posted through Facebook were viewed by 5,000 users.

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Car manufacturers Infiniti, BMW, Porsche, and Volvo spend 30–40% of their advertising budget on Instagram. But as an example of a traditional means of communication, although we see the name of IB “Ganja Automobile Factory” at exhibitions and fairs, we cannot see it in television programs and television advertising [6].

Having analyzed the market position of the Ganja IS Automobile Plant, it is possible to further increase sales of a developing enterprise by determining sales directions.

Today, according to government statistics, there is a significant decline in tractor production, while imports are increasing in proportion to production. In 2022, the tractor manufacturing enterprise will increase its production capacity by 2.17 times compared to 2021 and will account for 33% of the total production capacity.

According to the State Statistics Committee, the number of trucks imported to Azerbaijan in January-November 2021 increased by 43.2 percent compared to the same period last year and amounted to 5,024 units. Of course, most imported cars are not new cars, but consumer demand is still growing.

[6] Simon Kingsnorth (2016): *"Digital Marketing Strategy: An Integrated Approach to Online Marketing"*. Harvard Business School Press, pp. 12–13. Alison: Scott Stratten.

[7] Olgu Şengül (2018): *"Digital Marketing from A to Z"*. RNK. pp.152–164.

[14] [www.stat.gov.az](http://www.stat.gov.az)

[3] <http://marketing.gov.az/>

[14] [www.stat.gov.az](http://www.stat.gov.az)

If we look at the annual reports of Goskomstat for 2020, we will see that most of the country's truck and bus fleet is more than 10 years old. For example, if there are 30,757 buses in the country's transport fleet, then of these there are 25,857, trucks – 154,659, and cars older than 10 years – 135,737 [14].

Despite the steady growth in the number of combines per thousand hectares of suitable crops, it's evident that there remains significant demand for agricultural machinery. This demand encompasses combines, tractors, trucks, and buses, indicating a substantial need within the country.

Moreover, the enterprise possesses considerable export potential, suggesting an opportunity to meet demand beyond national borders. Expanding production and leveraging export opportunities could be key strategies for addressing both domestic and international demand for agricultural machinery.

## Conclusions and offers

The development of the economy in our republic has precipitated the rapid advancement of local industry. Recently, government initiatives, including industrial development programs and subsidies for agricultural machinery, have catalyzed growth in the automobile and engineering sectors. Government subsidies for farm machinery have spurred heightened demand for tractors and other equipment nationwide, consequently intensifying market competition. [3]

On the other hand, the exemption of agricultural machinery from import taxes has heightened competition between domestic manufacturing units and foreign company dealers. This underscores the significance of the findings and recommendations derived from a study conducted by the Ganja Automobile Plant IS, focusing on marketing strategies and sales enhancement through the lens of a local manufacturing enterprise:

The company produces tractors, combines, trailers, etc. for agricultural machinery, as well as trucks, buses, and municipal equipment. One of the main goals of the enterprise should be to study consumer behavior, analyze it, and find the right means of communication, as well as produce equipment according to their wishes and desires. As a result of an online survey that we conducted with local consumers on social networks, it turned out that 50% of tractor consumers are aged 35–50 years,

and 65% have secondary education. When choosing a tractor, 50% choose the brand. 55% of tractor consumers want to replace their 5–12-year-old tractor with a new one. If an enterprise that has produced more than 12 thousand tractors since 2008 achieves consumer satisfaction, then consumers who want to replace their equipment with new ones are real customers today. Today, the republic's tractor fleet is 35,000, and according to this result, 30% of tractors in the country are machines produced by the enterprise.

[14] [www.stat.gov.az](http://www.stat.gov.az)

The majority of the country's truck and bus fleet exhibits an age structure exceeding 10 years. For instance, out of a total of 30,757 buses in the transport fleet, 25,857 are trucks, while 154,659 cars, of which 135,737 are over a decade old. According to the State Statistics Committee, there is a demand for combined harvesters in the country. The burgeoning technological requirements within the nation have amplified the role of social media in enhancing communication with consumers [14].

Leveraging social networks facilitates a more accessible and convenient means to influence consumers' purchasing decisions. Globally, automakers allocate nearly half of their advertising budget to social networks, underscoring its significance in enhancing elements of the marketing mix and driving sales.

Through observation and analysis, it was determined that the promotion process is comparatively weaker than other components of the marketing mix within the company. This highlights the importance of addressing this aspect to bolster sales performance.

Although the company has taken its position in the market, the decline in sales recently is due to companies, discounts, etc. Therefore, you can have a positive impact on increasing sales. The "Strategic Roadmap for the Development of Heavy Industry and Mechanical Engineering in the Republic of Azerbaijan" noted that by maintaining the import of engines and transmission mechanisms such as cars, trucks, and tractors, other locally produced parts can be ensured, and 65% of agricultural machinery is produced in the country. Production within the country is the target.

## Offers

- The enterprise should establish its presence in foreign markets by developing its localized model.
- Emphasizing advertising on social networks is crucial, as it provides a platform to study customers' preferences and desires while also necessitating careful maintenance of the company's image.
- By involving consumers in the sales process, it becomes possible to attract other customers, generating economic interest. To achieve this, the implementation of a membership card system is essential. Under this system, if a consumer with a membership card refers a new client, they will receive a bonus or service. Additionally, customers with expired warranty equipment could receive a certain percentage discount on spare parts, with special promotions for the purchase of original spare parts. Furthermore, repeat customers may benefit from discounts when purchasing equipment for the second time, among other incentives.

Marketing research shows that maintaining after-sales relationships with consumers, availability of services, and delivery services are an important factor in increasing sales. In connection with the production of trucks, the enterprise, together with KAMAZ, must begin the construction of new service centers on leasing terms and lay the foundation of the first service center in our territories liberated from occupation. Taking this into account, it is necessary to analyze the needs of manufactured equipment in the regions and take strict measures to open dealers in the regions following demand.

In general, the development of the economy in our Republic depends on the rapid development of the local industry caused. In this regard, the commodity policy using marketing tools is more appropriate to form.