

## A THEORETICAL REVIEW OF MARKETING SERVICES DEVELOPMENT IN AZERBAIJAN

**G.E. Yahyayeva**

Azərbaycan Universiteti, Ceyhun Hacıbəyli, 71, Bakı, Azərbaycan

e-mail: [Gulshad.Yahyayeva@student.au.edu.az](mailto:Gulshad.Yahyayeva@student.au.edu.az)

**Abstract.** This study examines the global progression of marketing services and assesses how these strategies have been adapted and applied within Azerbaijan's market. Through an analysis of key literature and theoretical models, the paper summarizes fundamental marketing concepts such as market segmentation, targeting, positioning, and the impact of digital and social media marketing on current business practices. It also explores the challenges and opportunities businesses in Azerbaijan face when integrating global marketing trends into the local market environment. This article recommends how theoretical approaches to marketing services can expand business effectiveness and support Azerbaijan's economic growth.

**Keywords:** Marketing, marketing services, digital marketing, market segmentation, marketing services revolution.

### Introduction

The marketing department is currently considered one of the most important structures in every company. First, we should ask the following questions: What is marketing in general, and what services can we include here? Research in marketing services emphasizes that while a company's market orientation is fundamental, the marketing function should be the primary manager of critical customer touchpoints, particularly those relating to products, service execution, and financial reporting.

Marketing researchers assessed the firm's function and orientation. The results show that the firm's marketing function depends on its financial status, customer relationships, and new product performance.

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For companies that are already specialists in services, the value of the marketing function is also positively related to the company's marketing ability to connect the customer to service delivery, like the other company. However, this can be measured by properly organizing product qualities for businesses not operating in the service sector.

Foundational Theories of Marketing Services. Marketing services developed as a distinct field of study in the late 20th century, recognizing the characteristic differences between services and tangible goods. Services can be divided into 4 characteristics: intangibility, heterogeneity, inseparability, and perishability, which create unique challenges for marketers [14].

1. The 7 Ps of services marketing characteristics (Price, Product, Place, Promotion, People, Process, and Physical Evidence) have already expanded inside the traditional 4 Ps model to address the unique aspects of services. Booms and Bitner (1981) mentioned the role of employees, service delivery mechanisms (Process), and tangible elements (Physical Evidence) in creating a complete service experience. This framework is still widely used in most industries such as hospitality, beauty, healthcare, and even auto services [1; 2; 3].

2. Vargo and Lusch (2004) mentioned that the S-D Logic theory- helps to change the focus on customers from goods-centered marketing to service-centered marketing. S-D Logic suggests that value is co-created through interactions between service providers and customers, emphasizing the importance of relationships and collaboration. This theory has implications for understanding the relations between customer behavior and designing service campaigns [15].

3. The SERVQUAL model to measure service quality by identifying gaps between customer expectations and awareness. The model's five dimensions—reliability, responsiveness, assurance, empathy, and tangibles—provide a strong framework for assessing and improving service quality. Despite criticisms regarding its applicability across cultures, SERVQUAL remains a basis of services marketing research [11].

### **Modern approaches to marketing services**

**Co-Creation Value** - The concept of co-creation is based on the Service-Dominant (S-D) Logic. This concept become increasingly relevant in recent years. Authors argue that within this concept, customers actively participate in the value creation process, contributing their ideas, opinions, and resources. Also, the availability of social media and online application services makes it easier to connect with customers and involve them in this process [12].

**Digital Transformation concept**- The emergence of digital technologies has revolutionized service marketing. The existence of artificial intelligence, big data analytics, and automation now allows businesses to personalize services, optimize operations, and improve customer experiences. For example, new-generation chatbots and information systems use machine learning algorithms to deliver personalized solutions, while data analytics provides deep insights into customer desires and behaviors. By recording data about them, they provide solutions that are based on customers' needs. This also reduces the workload of companies [6].

**The Experience Economy concept**- the concept of the experience economy, argues that businesses must create unforgettable experiences to differentiate their offerings from competitors. The existence of this trend is evident in industries as diverse as tourism, entertainment, and retail, where immersive experiences increase customer engagement and loyalty to a product or service. For example, supermarket chains like Walmart or experience stores like Samsung have successfully used the experience economy to create a competitive advantage [8; 12].

### **Phases of Marketing Services in Azerbaijani Industries**

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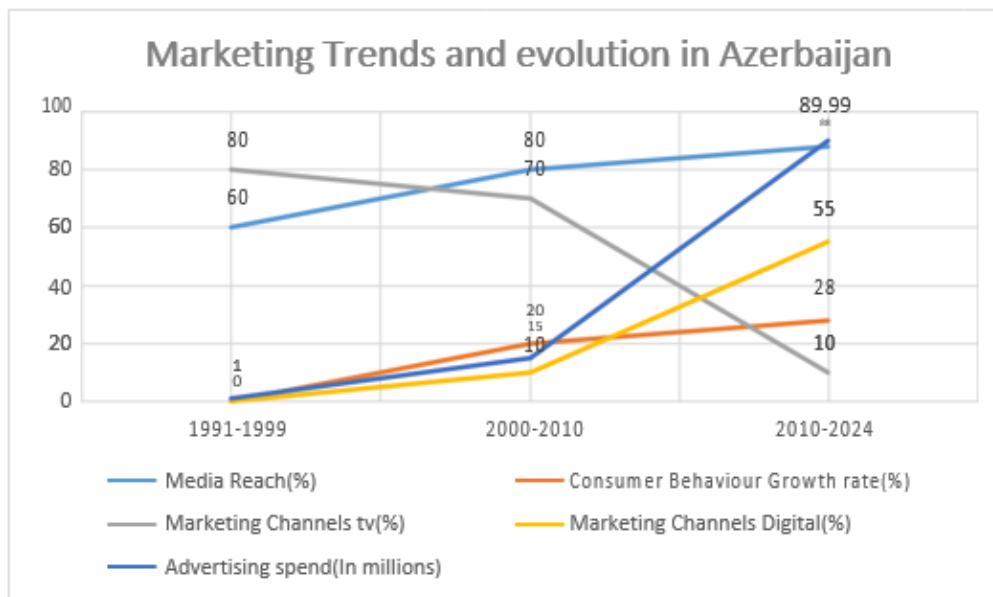
2. Post-Soviet Era: 1975-1990: Before independence, marketing activities in Azerbaijan were limited and primarily focused on economic engagements due to political restrictions. Azerbaijan gained independence in 1991 and shifted towards a market economy. Enterprises began restructuring their marketing systems to adapt to new market dynamics and economic conditions during this period after gaining independence in 1991, Azerbaijan transitioned towards a market economy. During this time, businesses began restructuring their marketing systems to better align with new market dynamics and economic conditions. There was a strong emphasis on understanding the market conditions and the factors influencing them to minimize uncertainty and risk in business operations. Emphasis was placed on understanding market conditions and factors affecting them to reduce uncertainty and risk in business activities [5; 9].

3. Economic Modification Phase: In the early 2000s, there was significant economic growth driven by oil exports, which enhanced consumer purchasing power and encouraged diversification into sectors such as tourism and retail. Companies began investing in branding and customer relationship management. However, challenges remained, including a limited understanding of modern marketing concepts and underdeveloped structure [5; 7].

4. Technological Improvement Phase (2010s – Present): The internet and smartphones have significantly transformed marketing strategies. Social media platforms have emerged as essential channels for connecting with consumers all around the world. Businesses are increasingly applying data analytics to develop targeted marketing campaigns. However, studies reveal that many Azerbaijani enterprises continue to struggle with the application of innovative marketing strategies and often fall behind their regional counterparts [7; 10].

As shown in Figure 2, Azerbaijan's marketing landscape has experienced dramatic transformations over the past three decades, shaped by technological advancements, economic shifts, and changing consumer behaviors. Below is a breakdown of key trends across different periods:

- After gaining independence in 1991, Azerbaijan transitioned from a Soviet command economy to a market-driven system. Marketing was in its infancy, with limited infrastructure and consumer awareness.
- The 2000s saw rapid economic expansion due to oil revenues, leading to increased consumer spending and digital adoption
- The past decade has been marked by the widespread adoption of smartphones. From 2010 to 2024, this adoption has driven the Mobile and AI Revolution phase, leading to the rise of social media and AI-driven marketing. [1]



**Figure 2.** Marketing trends evolve in phases in Azerbaijan." It presents several marketing metrics over different periods (1991-1999, 2000-2010, 2010-2024), including: Media Reach (%) (blue line); Consumer Behavior Growth Rate (%) (red line); Marketing Channels TV (%) (gray line); Marketing Channels Digital (%) (yellow line); Advertising Spend (in millions) (dark blue line)

## Conclusion

This study provides a comprehensive examination of the evolution of marketing practices in Azerbaijan, utilizing both foundational service marketing frameworks and cutting-edge digital approaches. Through this phased analysis, we uncover several compelling insights:

First, traditional marketing theories, notably the 7Ps framework and the SERVQUAL model demonstrate remarkable adaptability to Azerbaijan's unique transitional landscape, albeit with necessary modifications for the digital age. The Service-Dominant Logic perspective is a critical tool in understanding the nation's swift embrace of co-creation practices.

Second, the evolution of marketing in Azerbaijan reveals distinct phase characteristics, ranging from the post-Soviet infrastructure-building era (1991-1999) to the current age of AI-driven personalization. Each phase showcases specific patterns of theoretical application and presents unique practical challenges for implementation.

Third, the Azerbaijani case illustrates a fascinating hybridization pattern where global digital trends converge with entrenched local business cultures, giving rise to innovative marketing approaches. This dynamic is particularly evident in the concurrent development of sophisticated digital platforms alongside traditional relationship-based marketing methods.

This study not only improves international marketing literature by illustrating how established theories can adapt to the fast-paced transformations within transitional economies but also provides insights for marketers navigating similar environments. It underscores the

necessity for phase-appropriate strategy development and highlights the critical balance between global trends and local market realities.

Future research should quantitatively validate these phase characteristics and conduct comparative analyses with other post-Soviet states, thereby advancing robust theoretical models of marketing evolution in transition economies.

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## AZƏRBAYCANDA MARKETING XİDMƏTLƏRİNİN İNKİŞAFININ NƏZƏRİ İCARƏSİ

**G.E. Yahyayeva**

Azərbaycan Universiteti, Ceyhun Hacıbəyli, 71, Bakı, Azərbaycan

**Xülasə.** Bu tədqiqat marketing xidmətlərinin global inkişafını araşdırır və bu strategiyaların Azərbaycan bazarında necə uyğunlaşdırıldığını və tətbiq edildiyini qiymətləndirir. Əsas ədəbiyyatın və nəzəri modellərin təhlili vasitəsilə məqalə bazarın segmentasiyası, hədəfləmə, yerləşdirmə və rəqəmsal və sosial media marketinginin cari biznes təcrübələrinə təsiri kimi fundamental marketing konsepsiyalarını ümumiləşdirir. O, həmçinin global marketing tendensiyalarını yerli bazar mühitinə inteqrasiya edərkən Azərbaycanda biznesin üzləşdiyi çətinlikləri və imkanları araşdırır. Bu məqalə marketing xidmətlərinə nəzəri yanaşmaların biznesin effektivliyini necə genişləndirə biləcəyini və Azərbaycanın iqtisadi artımını necə dəstəkləyə biləcəyini tövsiyə edir.

**Açar sözlər:** Marketing, marketing xidmətləri, rəqəmsal marketing, bazar segmentasiyası, marketing xidmətləri inqilabı.