

ARTIFICIAL INTELLIGENCE IN MARKETING: AN ANALYSIS OF CONSUMER DEMAND MANAGEMENT IN AZERBAIJAN'S LIGHT INDUSTRY

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Abstract: *This study analyzes the role of artificial intelligence in marketing strategies aimed at managing consumer demand in Azerbaijan's light industry. The research focuses on innovation-oriented marketing practices and their contribution to improving enterprise performance and enhancing market competitiveness. Particular attention is given to the processes of introducing, commercializing, and diffusing innovative products, where data-driven decision-making and demand forecasting play a crucial role. Using the cases of "Azarxalcha" JSC and "Gilan Textile Park" LLC, the study examines the application of digital and AI-based marketing tools, including consumer behavior analysis, market segmentation, and predictive analytics. The empirical findings demonstrate that the integration of artificial intelligence into marketing strategies supports more accurate demand management and strengthens strategic planning capabilities. The results also reveal persistent structural challenges within the sector, such as a high degree of import dependence, limitations in domestic production capacity, and the need for technological modernization. In response to these challenges, the study highlights the importance of state support mechanisms, cluster-based industrial development, and the wider adoption of artificial intelligence and analytical technologies to improve managerial effectiveness and market adaptability.*

Keywords: *Artificial intelligence, marketing strategies, consumer demand management, digital marketing, Azerbaijan's light industry*

1. INTRODUCTION

The light industry constitutes an important component of Azerbaijan's economic structure, playing a significant role in meeting domestic consumer demand and expanding export-oriented production. Sustainable development in this sector increasingly depends on the adoption of effective marketing strategies, innovation-driven product development, and systematic analysis of consumer demand. In the context of intensifying global competition and rapidly evolving market conditions, the application of artificial intelligence (AI) in marketing has emerged as a critical tool for enhancing strategic decision-making and improving market responsiveness.

Recent state-led initiatives, including the establishment of industrial parks, support for export-oriented manufacturing, and the expansion of digital distribution channels, have contributed to the modernization of textile production, garment manufacturing, and carpet weaving. Despite these positive developments, the sector continues to face structural challenges such as limited integration of marketing functions into enterprise management systems, insufficient use of consumer-oriented analytical tools, and underdeveloped branding and positioning strategies.

Against this background, the present study focuses on the analysis of AI-supported marketing strategies in managing consumer demand within Azerbaijan's light industry. The research applies a data-driven analytical framework combined with case study evidence to assess existing marketing practices, identify key constraints affecting demand management,

and evaluate the potential of artificial intelligence technologies in improving strategic planning processes. Particular attention is paid to the role of consumer behavior analysis, demand forecasting, and digital marketing tools in strengthening enterprise competitiveness.

2. Digital Transformation and AI in Industrial Marketing

The expansion of digital technologies has significantly reshaped interactions between enterprises and consumers. Tools such as social media analytics, search engine optimization, and content-based marketing strategies contribute to increased market visibility and stronger customer engagement. AI-driven systems further strengthen these processes by detecting behavioral patterns, refining campaign performance, and forecasting demand dynamics. Nevertheless, despite the evident benefits, the adoption of digital and AI-based marketing practices among many Azerbaijani light industry enterprises remains limited.

Academic research on Azerbaijan's light industry has predominantly concentrated on macroeconomic regulation, state support policies, and export promotion measures. In contrast, relatively little attention has been paid to firm-level marketing strategies, branding processes, and the digital transformation of marketing activities. Closing these research gaps is critical for ensuring closer alignment between enterprise practices, national development objectives, and international competitiveness benchmarks.

A detailed examination of marketing practices in Azerbaijan's light industry reveals a set of enduring structural barriers that continue to limit operational efficiency and competitive performance. Among the most prominent challenges are the insufficient recognition of marketing as a strategic management function, the absence of advanced marketing information systems combined with restricted access to dependable market data, and weaknesses in the material and technical base required to support innovation-oriented production processes.

These constraints highlight the importance of coordinated, evidence-based managerial decision-making. Product strategy formulation should not occur in isolation but rather as part of an integrated system that combines pricing mechanisms, distribution channels, and communication instruments into a unified marketing framework. As emphasized by Armstrong et al. (2018), marketing should be conceptualized as a comprehensive decision-making system that aligns production and sales activities, rather than as a standalone operational function.

Strategic product-related decisions should therefore focus on expanding product variety, introducing innovation-driven product lines, strengthening branding and packaging practices, and enhancing overall market competitiveness. Although certain enterprises within Azerbaijan's light industry have initiated steps in this direction, the adoption of such strategies remains fragmented, and their outcomes vary considerably across firms.

According to the "Azerbaijan 2020: Vision for the Future Development Concept" (President of Azerbaijan, 2012), the light industry—rooted in long-standing economic traditions—possesses substantial potential for sustainable growth. In recent years, institutional reforms and organizational restructuring of production enterprises have contributed to observable improvements in both the scale and quality of innovative output. Positive developments have been recorded across several sub-sectors, including raw material processing, textile manufacturing, apparel production, and leather goods, reflected in higher product quality standards and increased diversification.

Particularly noteworthy is the revitalization of the carpet weaving sub-sector, where the establishment of numerous workshops and production facilities across different regions has stimulated renewed growth. Future strategic priorities in this area include strengthening domestic raw material supply chains, upgrading production technologies, and further improving product quality (Hajiyeva et al., 2024).

In the context of intensifying global competition, the advancement of Azerbaijan's non-oil economy cannot rely solely on the modernization of traditional industries. Instead, emphasis

must be placed on the development of contemporary industrial branches capable of producing technologically advanced and innovation-intensive goods. Achieving this objective requires targeted investment in research and development activities, the promotion of knowledge-based products, and the strengthening of innovation capacities at the enterprise level (Aliyev, 2020).

The transition from a resource-dependent economic model to an innovation-driven growth paradigm represents a strategic priority for the light industry. Within this process, the establishment and continuous support of industrial parks and technoparks play a critical role. These structures facilitate the commercialization of scientific knowledge and technological advancements, foster the growth of high-technology enterprises, support industrial restructuring, contribute to balanced regional development, generate employment opportunities, and accelerate the diffusion of advanced production technologies.

The subsequent section presents empirical evidence on marketing expenditure structures and allocation patterns within Azerbaijan's light industry, with particular attention to the textile and carpet manufacturing segments. This analysis aims to assess the extent to which current marketing investments are aligned with long-term strategic objectives related to innovation and competitiveness.

Table 1. Annual Distribution of Marketing Expenditures in the Light Industry Sector

Year	Marketing Budget (thousand AZN)	Share in Total Expenditures (%)	Advertsing and Branding (%)	Exhibitions and Presentations (%)	Digital Platforms and Social Media (%)
2020	520	4,2%	45%	35%	20%
2021	610	4,7%	42%	33%	25%
2022	730	5,0%	38%	32%	30%
2023	860	5,4%	35%	30%	35%
2024	980	5,8%%	32%	28%	40%

Source: Author

3. Trends in Marketing Expenditures and Strategic Gaps in Azerbaijan's Textile Sector

Between 2020 and 2024, marketing expenditures in Azerbaijan's light industry exhibited a consistent upward trajectory. Total spending on marketing grew from 520,000 AZN in 2020 to 980,000 AZN in 2024, reflecting an 88.4% increase. At the same time, the share of marketing costs relative to overall company expenditures rose from 4.2% to 5.8%, indicating a growing acknowledgment of marketing as a strategic organizational function.

A breakdown of these budgets reveals notable shifts in priorities. Investments in traditional marketing channels, such as advertising and branding—which accounted for 45% of marketing expenses in 2020—declined to 32% by 2024. Conversely, digital marketing activities, including social media engagement and online platforms, expanded from 20% to 40%, underscoring the rising centrality of digital strategies. Spending on exhibitions and product demonstrations decreased from 35% to 28%, reflecting a post-pandemic transition toward virtual marketing initiatives.

Within the light industry, textile manufacturing represents a strategically important sub-sector, encompassing the full value chain from raw material processing to finished products. Internationally, the textile industry contributes significantly to both trade balances and economic growth (Gereffi & Frederick, 2010). Azerbaijan's advantageous geographic location

and rich natural resources, particularly cotton and wool, provide a solid foundation for scaling textile production.

Despite these favorable conditions, effective marketing strategy development in the textile sector remains limited. Key constraints include a relatively small domestic market, high dependence on imports, low levels of production-stage innovation, and underdeveloped branding practices. Marketing efforts continue to focus primarily on product quality and pricing, while opportunities for differentiation, strategic positioning, and value-based marketing remain insufficiently leveraged (Kotler & Keller, 2016).

Emerging consumer trends and the growing influence of digital technologies highlight the need for integrated marketing strategies that consider both psychological and sociocultural dimensions of demand. However, many textile firms still lack structured approaches to market segmentation and targeting, resulting in offerings that are often misaligned with actual consumer needs. This misalignment can lead to lost sales opportunities and weakened competitive positioning.

Export-oriented marketing strategies are similarly underdeveloped. Engagement in international trade fairs, B2B marketplaces, and strategic brand development for global audiences remains limited, despite the availability of government-supported mechanisms. Adoption of digital marketing tools—including search engine optimization, content marketing, and e-commerce solutions—lags behind international benchmarks, constraining both brand visibility and market penetration (Mammadov, 2021).

Addressing these challenges requires focused interventions, such as specialized marketing training, the implementation of innovation-led product policies, and strengthened collaboration between public institutions and private enterprises. These measures are essential for establishing long-term resilience and competitiveness within Azerbaijan's textile industry.

In conclusion, although the increase in marketing investment and the shift toward digital strategies have generated tangible improvements, significant strategic gaps persist. Comprehensive reforms in marketing education, innovation policy frameworks, and export-oriented practices are crucial to securing sustainable growth and enhancing the global competitiveness of Azerbaijan's textile sector.

Table 2. Current State of Marketing Strategies in the Azerbaijani Textile Industry (First Half of 2022)

The Current State of Marketing Strategies in the Azerbaijani Textile Industry (First Half of 2022)	
Indicator	Amount or Growth (%)
Orders via Portal	248.4 million USD
Domestic Production (6 months)	160.5 million USD
Textile and Leather Products Production	272.8 million USD
Growth in Clothing Production (2022/2021)	59%
Growth in Leather and Footwear Production (2022/2021)	12.9%
Import of Fabric, Yarn, Thread, etc. (6 months)	86 million USD
Import of Knitwear Products	66.5 million USD
Import of Ready-made Garments	51.5 million USD
Import of Second-and Clothing	18,9 million USD
Import of Footwear	44 million USD

Source: Author

4. Import Pressures and Strategic Perspectives in the Carpet and Textile Subsector

Statistical data indicate that during the first half of 2022, Azerbaijan's domestic textile production reached USD 160.5 million, a figure substantially lower than the value of imported textile goods. In particular, imports of essential raw materials—including fabrics, yarn, and threads—amounted to USD 86 million. These figures highlight the domestic industry's vulnerability to foreign competition, especially from low-cost producers such as China.

Although domestic output experienced notable growth—59% in garments and 12.9% in leather and footwear—this expansion had only a modest impact on overall market share. A persistent challenge is the price and perceived value competitiveness of local products. Imported goods, often sold at significantly lower prices, continue to dominate the domestic market. For example, a locally manufactured pair of shoes may wholesale for 15 AZN, whereas comparable imported items are available at 3–4 AZN, giving foreign products a pronounced cost advantage.

Marketing practices in Azerbaijan's textile sector remain largely traditional, with limited focus on brand development, consumer behavior analysis, or product differentiation. This misalignment diminishes the effectiveness of local marketing initiatives and weakens sectoral competitiveness. To overcome these challenges, strategic marketing frameworks should prioritize the following areas:

- **Branding and Product Positioning:** Local firms should distinguish their products through superior quality, innovative design, and enhanced functionality rather than competing solely on price. Establishing strong brand identities and fostering customer loyalty are essential steps.
- **Digital Marketing Expansion:** Utilizing online platforms, social media channels, and e-commerce solutions can improve market visibility and boost sales.
- **Consumer Behavior Analysis:** Systematic study of purchasing patterns enables targeted promotional campaigns and more effective product strategies aligned with consumer needs.
- **Government Support and Regulatory Measures:** Tariff policies, subsidies, and tax incentives play a critical role in leveling the competitive environment for domestic producers.
- **Export-Oriented Marketing Strategies:** Participation in international trade fairs, product certification, and logistics support can enhance the export capacity of local enterprises.

Certain subsectors within Azerbaijan's textile industry demonstrate strong growth potential, including:

- **Carpet Manufacturing:** Integrating traditional craftsmanship with contemporary marketing approaches can increase international appeal.
- **Corporate Uniform Production:** A niche market characterized by steady domestic and institutional demand.
- **Home Textiles:** Rising consumer interest in domestic and personalized products creates new market opportunities.
- **Outerwear Manufacturing:** Combining locally sourced materials with innovative design provides opportunities for regional and international competitiveness (Kerimova et al., 2024).

In summary, addressing the pressures from imports requires a strategic focus on innovation-driven marketing, adoption of digital tools, and effective brand positioning. These measures are critical for strengthening the competitiveness, sustainability, and global relevance of Azerbaijan's textile and carpet subsectors.

5. Carpet Production as a Strategic Subsector in Azerbaijan's Light Industry

Carpet production stands out as a sector with profound historical roots and significant growth potential. The 2018–2022 State Program for the Preservation and Development of Carpet Art in Azerbaijan emphasizes the strategic objective of promoting Azerbaijani carpets as a national brand in global markets. Today, Azerbaijani carpets are marketed internationally under the “Azerbaijan Carpet” brand, with major export destinations including the United States, Japan, the United Arab Emirates, the United Kingdom, Canada, Italy, and Switzerland.

Established by Presidential Decree in 2016, “Azerkhalcha” OJSC plays a pivotal role in revitalizing carpet craftsmanship in Azerbaijan. The company operates more than 30 regional workshops across 20 districts, employing approximately 2,000 staff, including highly skilled weavers, and maintains an annual production capacity of 15,000–18,000 square meters. Its product portfolio includes traditional, modern, and limited-edition carpets, primarily using locally sourced raw materials such as wool, natural dyes, and yarn from regions including Qarabagh, Guba, Ganja, Sheki, and Nakhchivan.

The marketing strategy of “Azerkhalcha” effectively combines cultural preservation, national branding, and global market outreach. Key strategic elements include:

- **Brand Positioning and National Identity:** Carpets are marketed not solely as commercial commodities but as cultural artifacts representing Azerbaijani heritage. Promotional efforts emphasize the symbolic significance of traditional patterns and the uniqueness of handcrafted designs.
- **Target Market Segmentation:** The company focuses on two primary consumer groups—domestic buyers who value national identity and international premium customers seeking ethnic, handmade products. This dual segmentation demonstrates a sophisticated market positioning strategy.
- **Digital Marketing and International Promotion:** “Azerkhalcha” leverages social media, virtual exhibitions, and global advertising channels (e.g., Google Ads, Instagram, Facebook) to enhance brand awareness. Collaborations with leading industry publications, such as *Hali* and *Carpet XL*, further bolster its international presence.

In conclusion, “Azerkhalcha” exemplifies strategic marketing in Azerbaijan’s light industry. By integrating traditional artisanal skills with modern marketing tools and branding techniques, the company demonstrates how heritage-based products can achieve recognition in global markets. This approach provides valuable lessons for other segments of Azerbaijan’s textile and light industries, highlighting the intersection of cultural preservation, innovation, and digital marketing.

6. Export Orientation and Strategic Innovations in Carpet Branding

As part of its export-focused strategy, “Azerkhalcha” actively participates in international trade fairs and promotes its products through diplomatic and cultural channels. These activities support Azerbaijan’s broader objective of expanding non-oil exports. Since 2022, the company has concentrated on high-demand markets such as the UAE, Turkey, and the United States, which value traditional and artisanal textiles (Mammadov).

Marketing communications extend beyond commercial objectives to include social responsibility and community engagement. By involving women in rural carpet weaving workshops, “Azerkhalcha” enhances local employment and strengthens its reputation as a socially responsible enterprise. This integration of cultural heritage with social impact adds ethical and emotional value to the company’s marketing narrative.

Product diversification constitutes a core element of the company’s strategic approach. In addition to traditional carpets, limited-edition and thematic collections target niche consumer segments, enhancing exclusivity and motivating purchase through uniqueness, craftsmanship, and cultural significance.

A notable innovation in promotion is the incorporation of QR codes on carpet products. These codes, scannable via smartphones, provide detailed information including the carpet's name, type, materials, dimensions, inventory ID, production history, and origin. This digital feature enhances transparency, traceability, and accessibility for international consumers, reinforcing trust in global markets.

In 2021, “Azerkhalcha” signed a memorandum of cooperation with “Azeripek” LLC to establish a strategic partnership focused on joint branding and product development across complementary segments of the light industry.

The following table presents key statistical indicators of “Azerkhalcha” OJSC’s 2023 marketing performance, including production volumes, domestic sales, and exports, illustrating the effectiveness of its integrated marketing and export-oriented strategies.

Table 3. Statistical Indicators of the Marketing Activities of “Azerkhalcha” OJSC for 2023

Statistical Indicators of “Azerkhalcha” OJSC for the Year 2023			
Indicator	2022	2023	Growth (%)
Carpet Area Produced (m ²)	2,110	2725	+29,1%
Carpet Area Exported (m ²)	474	612	+29,1%
Total Sales Volume(m ²)	1470	2720	+85,0%
Share of Exports in Total Sales (%)	32,2%	22,5%	-9,7%

Source: Author

7. Statistical Performance and Portfolio Structuring in 2023

Internal data from “Azerkhalcha” OJSC indicate that in 2023 the company produced 2,725 square meters of carpets, of which 612 m² were exported. Key export markets included the United States, Germany, Spain, Switzerland, and Latvia. Although export volumes grew by 29.1% compared to 2022, the proportion of exports relative to total sales declined from 32.2% to 22.5%, reflecting stronger growth in domestic demand and demonstrating the success of market engagement strategies targeted at local consumers.

Overall production and sales figures reveal notable improvements in operational efficiency. Production increased by 29.1%, while total sales surged by 85.0%, reaching 2,720 m². These outcomes point to strengthened distribution networks, enhanced market visibility, and improved alignment of production with market demand.

Portfolio segmentation constitutes a central element of “Azerkhalcha”’s strategic marketing approach. Products are categorized into three main lines:

1. **Traditional Carpets:** These feature region-specific patterns derived from historic weaving schools such as Quba, Shirvan, and Karabakh, emphasizing cultural preservation. The primary target group comprises collectors and domestic consumers with strong cultural affinities.
2. **Contemporary Design Carpets:** Incorporating minimalist and abstract patterns with modern color schemes, this line appeals to younger audiences and international buyers seeking functional, stylish home décor. This segment illustrates the company’s ability to integrate global design trends into both production and marketing strategies.
3. **Limited Edition Collections:** Crafted in restricted quantities with highly artisanal techniques, these products target premium consumers seeking exclusivity and symbolic value. Positioned at a high price point, this segment reinforces the brand’s reputation as an innovator in design.

The balanced composition of the portfolio mitigates risk while promoting revenue stability. Each segment aligns with distinct consumer preferences, collectively enhancing “Azerkhalcha”’s brand identity as both a guardian of tradition and a driver of design innovation.

This diversified approach allows the company to operate effectively in a dynamic, competitive, and globalized market environment, providing a strategic framework for growth in both domestic and international contexts.

8. Digital Marketing Performance and Consumer Geography

Analysis of digital marketing outcomes for “Azerkhalcha” during 2022–2023 indicates substantial improvements in online engagement and conversion rates. Strategic investments in digital platforms—including social media and the corporate website—have yielded measurable results. Orders generated through social media increased by 47.5%, highlighting the effectiveness of interactive customer engagement in driving sales growth.

The share of online sales in total revenue rose from 16% in 2022 to 23% in 2023, reflecting greater consumer confidence in e-commerce channels and wider adoption of digital purchasing behaviors. Additionally, the corporate website experienced a 44.1% increase in annual visitors, demonstrating the success of search engine optimization (SEO) strategies and amplified referral traffic from social media content. These outcomes emphasize that well-structured digital marketing is critical for traditional industries such as carpet production to maintain competitiveness in a rapidly evolving market.

Understanding consumer geography further informs “Azerkhalcha”’s marketing and distribution strategies. Domestically, sales are concentrated in Baku and major economic regions, reflecting differences in purchasing power, regional design preferences, and cultural appreciation for traditional crafts.

Internationally, the company enhances brand recognition through custom orders, participation in global exhibitions, and digital outreach. Key export markets include the United States, Germany, France, and Gulf countries, where there is strong demand for high-quality Azerbaijani carpets. Insights into these consumer geographies enable “Azerkhalcha” to tailor product offerings, optimize promotional strategies, and strengthen its export-oriented growth initiatives.

Table 4. Geographical Distribution of Sales Structure of “Azerkhalcha” OJSC in 2023

Regional Distribution of Domestic Market Sales	
Regions	Share in Sales (%)
Baku City	42%
Ganja-Gazakh Economic Region	15%
Karabakh and East Zangezur	12%
Shaki-Zagatala	10%
Lankaran-Astara	8%
Other Regions	13%

Source: Author

9. Marketing Activities in the Garment Sector: Case Study of Gilan Tekstil Park MMC

The garment industry in Azerbaijan exhibits relatively low entry barriers compared to traditional textile segments, such as carpet weaving, making it a strategic sector for fostering entrepreneurship, particularly among women. Its capital-light structure and capacity for innovation contribute to economic diversification. On a global scale, the apparel and accessories market generates an annual turnover exceeding USD 6–7 trillion, with China leading in both production and exports.

Within Azerbaijan, the garment sector encompasses several subcategories, including:

- Orthopedic and sports footwear,
- Production of natural and synthetic fabrics,
- Shirts, trousers, socks, and ties,
- Undergarments,

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Gilan Tekstil Park MMC stands out as one of the leading vertically integrated textile and garment manufacturers in the country. Operating a full-cycle production model—including spinning, weaving, dyeing, and sewing—the company maintains stringent quality control while enhancing the GiLTEX brand's reputation. The use of domestically sourced cotton reinforces local resource utilization and contributes to a national branding strategy.

The company implements a comprehensive digital marketing approach, employing social media marketing (SMM), search engine optimization (SEO), Google Ads, email campaigns, and website management. These tools enhance product visibility and drive online sales. A dedicated marketing team oversees content creation, visual design, and campaign implementation, ensuring alignment with strategic goals.

Gilan Tekstil Park exports its products to Russia, Turkey, and other CIS countries while investing in design studios tailored to European and regional market standards, enabling compliance with both aesthetic and regulatory requirements.

The enterprise places particular emphasis on corporate and institutional garments, including fireproof and waterproof uniforms, military and hospital attire, and laboratory coats. These products support B2B sales strategies and cater to both state and private sector clients (Gereffi & Frederick, 2010).

Marketing research informs annual planning, guiding decisions on advertising, product placement, and identification of new market channels. This evidence-based approach enhances brand positioning in both domestic and international markets.

Additionally, Gilan Tekstil Park prioritizes environmental responsibility by adhering to European sustainability standards and minimizing the use of harmful chemicals during production. This commitment strengthens consumer trust and aligns the company with global sustainable textile practices.

Overall, the integrated marketing and operational strategies employed by Gilan Tekstil Park demonstrate how digital transformation, market segmentation, and innovation-oriented production can generate a competitive advantage within Azerbaijan's garment sector.

Table 5. Marketing Activities of “Gilan Textile Park” LLC

Statistical Table of Marketing Activities of “Gilan Textile Park” LLC (2022–2024)			
Indicators	2022	2023	2024
Marketing Budget (AZN)	250,000	320,000	400,000
Share of Marketing in Total Expenses (%)	4.2%	4.8%	5.3%
Advertising and Branding Expenses (%)	35%	38%	40%
Expenses for Online Platforms (%)	25%	30%	32%
Participation in Exhibitions and B2B Events (%)	20%	15%	12%
Social Media Subscriber Growth (%)	+18%	+22%	+25%
Share of Online Sales in Total Sales (%)	8%	12%	17%
Average Monthly Website Visitors	12,000	16,500	22,000
Number of Countries Accessed in Foreign Markets	3	5	7
Number of Corporate Sales Contracts (units)	20	35	50
New Product Categories Added Per Year	2	3	3

Source: Author

10. Digital Marketing Transformation

Digital channels have become a core component of the company's marketing approach. Monthly website visitors increased from 12,000 in 2022 to 22,000 in 2024, while online sales as a percentage of total sales nearly doubled from 8% to 17%. These results illustrate the effectiveness of data-driven strategies, targeted digital campaigns, and customer engagement. (Chaffey & Ellis-Chadwick, 2019)

The number of export markets expanded from three countries in 2022 to seven in 2024, reflecting improved access to global value chains. Concurrently, the company introduced 2–3 new product categories annually, focusing on high-demand segments such as sportswear, technical textiles, and children’s apparel. This diversification underscores the company’s commitment to product differentiation and international competitiveness. (Armstrong et al., 2018). Despite positive developments, Azerbaijan’s light industry continues to face structural and marketing-related challenges, particularly in textiles, footwear, and carpet production. For instance, in the first half of 2022, domestic textile production reached \$160.5 million, while imports—including raw materials like threads and fabrics totaling \$86 million—highlighted strong reliance on foreign products and weak competitiveness of local manufacturers. (Karimova et al., 2024)

Even with a 59% increase in garment production and 12.9% growth in footwear and leather goods, domestic market share remains limited. Weak marketing strategies, insufficient brand positioning, and low-cost imports from China, with prices significantly undercutting local products (3–4 AZN imported vs. 15 AZN local), exacerbate competitive pressures. This emphasizes the critical need for differentiation based on quality, design, and functional value. (Hajiyeva et al., 2023)

National programs such as the State Program for Carpet Weaving (2018–2022) have revitalized the sector. “Azərxağa” OJSC expanded to 21 regional branches, employing over 2,000 staff and producing up to 18,000 m² of handwoven carpets annually. Its marketing initiatives—including participation in international exhibitions, QR-code integration, digital promotion, and collaboration with global magazines like *Halı* and *Carpet XL*—have successfully positioned Azerbaijani carpets under the “Azerbaijan Carpet” brand in key markets such as the US, Germany, and UAE. (Hajiyeva et al., 2025)

Conclusions

This research examined the development and effectiveness of marketing strategies within Azerbaijan’s light industry, emphasizing innovation-driven practices, digital transformation, and export orientation. Drawing on empirical case studies—including “Azerkhalcha” OJSC and Gilan Tekstil Park MMC—along with institutional reports and sectoral statistics, several key insights were identified.

Firstly, marketing in Azerbaijan’s light industry is evolving from a primarily sales-oriented function to a strategic, management-centered role. Enterprises implementing integrated marketing frameworks—linking product development, branding, pricing, distribution, and digital engagement—demonstrate greater market responsiveness and stronger brand differentiation. Notably, digital marketing tools such as social media campaigns, SEO, e-commerce platforms, and QR-enabled product tracking have proven effective in enhancing both domestic and international visibility.

Secondly, structural constraints remain a significant challenge. Limited access to reliable market data, underdeveloped innovation capacities, and the absence of cohesive marketing infrastructure hinder SMEs from fully adopting strategic marketing approaches. Furthermore, domestic producers face intense competition from low-cost imports, emphasizing the need for value differentiation, quality improvement, and culturally anchored branding. The carpet subsector serves as a successful example, integrating traditional craftsmanship with contemporary marketing methods to position Azerbaijani carpets as premium products recognized globally.

Thirdly, the study underscores the importance of enterprise-level strategic innovation. Gilan Tekstil Park MMC illustrates how expanding digital engagement, diversifying product portfolios, and entering new export markets can strengthen competitiveness. The integration of social responsibility and workforce development into marketing narratives—such as promoting

rural employment and gender-inclusive production—adds ethical and emotional value to brand identity.

Finally, the findings highlight the interplay between policy initiatives and enterprise action. Government programs, industrial parks, and export facilitation platforms create enabling conditions, yet sustainable sectoral growth requires that firms internalize innovation-oriented marketing practices and adapt continuously to changing consumer preferences. Combining empirical market research, advanced digital strategies, and coordinated production-marketing systems emerges as a critical pathway to long-term resilience and global competitiveness (Karimova et al., 2025).

In conclusion, the future growth of Azerbaijan's light industry depends on the systematic implementation of strategic marketing at the enterprise level, supported by digital innovation, consumer insights, and export-focused initiatives. Effective collaboration between public and private sectors, alongside ongoing investment in marketing capabilities, is essential to transform traditional industries into globally competitive, innovation-led sectors capable of sustaining economic growth and enhancing national branding.

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