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BASIC INFORMATION ABOUT AZERBAIJANIAN FAMILY CONSUMPTION FROM MARKETING POINT OF VIEW

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INTRODUCTION

Azerbaijan's territory was politically and economically very important during the period of Russian Czarism. Since the disintegration of the Soviet Union this territory has become even more important (1), because the shortest way to export goods from countries such as Kazakhstan, Kirgizistan, Uzbekistan and Turkmenistan through Turkey to the Mediterranean and then to the west was only via the Azeri territory. In addition, Azerbaijan is one of the major oil producing countries in the Caucasus. Despite its recently disordered internal affairs this country is expected to be one of the important countries in the area in the near future.

Contemporary marketing concepts deal primarily with demographic features and consumer behaviours in a society (2). So far some macro information has been published about Azerbaijan's economy. But, no research has been done about the demographic features and the consumption patterns in this country. When I was a guest lecturer in Baku between 1 Nov. 1992 and 1 Feb. 1993 I had an opportunity to do the first research about the Azerbaijanian consumers. As a matter of fact, selecting a specific marketing problem and dealing with it is more simpler. Yet this kind of study does not make much sense for people who desire to establish commercial relations or to make an investment in Azerbaijan. Therefore, to draw a general marketing framework, I selected the families and tried to discover their consumption patterns. I think this basic information will be more helpful for foreign investors and marketing firms.

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I found out the growth rate of the Soviet Population is 1.06%, but in Azerbaijan this rate is 2.1%. The population of Azerbaijan is 7.8 million. 54% of this population live in cities and the remaining 46% in rural areas (3). The population of Baku is 1.7 million. This means that 22% of the overall and 40% of the urban population live in Baku. Therefore, the population density in Baku is 345 per Km². It is clear that Baku enjoys a higher level of economical, social, and cultural life than other cities in Azerbaijan.

Since no questionnaire study has previously been done in Azerbaijan, many people do not know how to fill an inquiry, nor do they show willingness to fill it in. Therefore, to minimize the application error we decided to administer the questionnaire only in the capital, Baku.

METHOD

The city of Baku was divided into five areas on the city map and the population of each area was obtained from the State Statistics Committee. According to the data provided by the committee, approximately 312000 families live in Baku; 0.15 % of these families were selected randomly and accepted as a sample size. On the other hand, 50 students were selected from the Institute of Management and were trained in questionnaire application. After testing the inquiry among ten families, the inquiry sheets were distributed to the students. Of 500 sheets 92 were not returned, 172 were filled wrongly or incompletely. Finally, the size of sample was reduced to 238 families. The application of the questionnaire started on Jan. 4, 1993 and ended in Jan. 11, 1993.

We would like to mention the difficulties we faced during the application in order not to experience them again or at least to alleviate them in the future:

1. It took as long as 42 days to obtain official permission.
2. Although the pollers were students from a management school, their training was difficult, because they had never been organised in such an activity.
3. 53 families rejected the interview. So, the rejection rate was relatively high.
4. Many families refused to inform the poller of their incomes, and especially of their side incomes.

The data collected through inquiry sheets were classified and tabulated using computers at Erciyes University in Kayseri, Turkey.

FINDINGS

1. Some Demographic Features of The Families

During the Soviet period everybody was regarded as a worker in the state sector (state servant). But currently it is possible to group occupations in Azerbaijan under four categories: public servants, workers, farmers, and members of independent professions. Almost no farmers live in the cities. The number of the unemployed is small. In the yearbook published by Azerbaijan State Statistics Committee in 1992 the fields of employment are shown as follows.

Table — 1
The Field of Employment In Azerbaijan
Field of Employment The Percentage of The Total Employment

	1985	1990
— Industry and Construction	26.2	25.8
— Services Sector	15.3	14
— Health, Sport, Art, Education	18.5	20.3
— State Affairs (Ministerial)	2.2	2.2
— Agriculture and Forestry	33.1	32.1
— Other	4.7	5.5

Source : Azerbaijan Respublikası - Devlet İstatistik Komitesi, 1991. inci Yılda Azərbaycan Rakamlarda, Kısa İstatistika Məcmuəsi, P. 41. (In Azeri Turkish)).

The same source classified the Azerbaijanian people in terms of their social status :

Table — 2

The Social Structure of The Azerbaijan Society (%)

	1979	1989
Employers	23.7	25.4
Public Servants	59.6	61.9
Workers	16.7	12.7

Source : Ibid, p. 32

It is understood from these two tables that there is no significant difference between the present and the past Soviet period. Only 4% of the farmers have shifted to other sectors during the last ten years.

Because we implemented our research in a big city such as Baku, the results came out fairly differently (Table — 3).

Table — 3

The Occupations of The Families in The Sample		
Employers	Males	Females
	F (%)	F (%)
Public Servants	152(.65)	102(.43)
Workers	41(.18)	29(.12)
Retires	12(.05)	17(.07)
Unemployed	5(.02)	65(.28)
Independent Professions	24(.10)	22(.09)
Total	234	235
No Answer	4	3
$X^2=64.28$		
$P=0.0001$		

It is seen that :

1. 10% of the men and 9% of the women do not work in the state sector any more. They established their own businesses.
2. Most of the families still work in the state sector as public servants.
3. 28% of the women are housewives.
4. The result of X^2 (chi square) analysis showed that there is a statistically important difference between sexes taking the occupations into consideration.

It can be said that the education level in Azerbaijan is fairly high. Yet during the last 10 years there has been a small increase in the number of schools and decrease in the number of students.

Table — 4
The Progress of Education in Azerbaijan

	1980-81	1990-91	Increase (%)
— Number of Junior High Schools	4 237	4 534	7
— Number of Students (000)	1 567	1 409	—10
— High Schools	75	78	4
— Number of Students	79	59	—25
— Number of Universities	17	19	12
— Number of Students(000)	107	105	—2

Source : İlhan Uludağ, *Sovyetler Birliği Sonrası Bağımsız Türk Cumhuriyetleri ve Türk Gruplarının - Ekonomik Analizi - Türkiye ile İlişkiler*, TOBB, İstanbul, 1992, p. 265 .(In Turkish)

The reason for the decrease in the number of students during the last ten years is that some non Azerbaijanian people abandoned the Azerbaijan and returned to their homelands, especially in 1990 after the disintegration of the Soviet Union.

The role of Azerbaijanian women in social and economic life is important. 43% of the employees in the economy and 50% in education are women. This results from the equal share of women with men in all levels of education. Thus, according to our research there are no illiterate women among Azerbaijanian housewives.

Table — 5
The Education Level of The Families In The Sample

Schools	Males F (%)	Females F (%)
Elementry School	2(.01)	7(.03)
Junior High School	3(.01)	5(.02)
High School	26(.11)	57(.24)
Technical Institute	46(.20)	42(.18)
University	158(.67)	123(.53)
Total	235	234
No Answer	3	4

G Statistics = 19.86

P = 0.0007

The following conclusions can be drawn from Table — 5

1. While the number of female high school graduates is relatively high, the number of male university graduates is high.

2. Generally, the ratio of university graduates is higher than 50% in society.

3. G statistics showed that there are significant differences in educational levels between sexes.

One of the important matters in analyzing the ultimate consumer market is the age distribution of population. Some summarized figures taken from the General Census held in 1987 in Azerbaijan are shown in Table — 6 :

Table — 6

The Age Classification of the Population In Azerbaijan (1987)

Age Groups	Population	Percentage
— 19	2 910 262	42.8
20 — 39	2 265 401	33.3
40 — 54	853 075	12.5
55 +	780 069	11.419
Total	6 808 807	100

Source : İ. Uludağ, V. Serin, SSCB'deki Türk Cumhuriyetlerinin Sosyo - Ekonomik Analizleri ve Türkiye ile İlişkiler, İstanbul, 1990, p. 238 (In Turkish)

As shown in the table, three quarters of the Azerbaijan population are under the age of 40 years. On the other hand, the average age is 69.9. This average is 65.7 for men and 73.5 for women (5). Our research has indicated that in Azerbaijan people get married early.

Table — 7

The Age of Marriage In The Sample.

Marriage Age	Males F (%)	Females F (%)
15 — 20	2(.01)	59(.29)
21 — 25	93(.41)	113(.54)
26 — 30	98(.43)	30(.14)
31 — 35	27(.12)	5(.02)
36 +	7(.03)	3(.01)
Total	227	210
No Answer	11	28
X	26.5	22.5
G Statistics	123.84	
P = 0.0001		

Some conclusions can be drawn from this table :

1. The marriage age in most of the families selected for the sample does not exceed the age of 30.
2. The average marriage age among men is 26.5 versus 22.5 years among women.
3. Women get married earlier than men
4. The difference in marriage age between sexes is statistically significant.

The rate of population growth in Azerbaijan is 2.1% while the rate in the entirety of the former Soviet Union is 1.06 % (6). On the other hand, Azerbaijan is one of the republics where the rate of infant mortality is highest. The main reason for this high mortality rate is the toxic waste from the factories which were established during the Soviet period without taking human health and the environment into consideration (7).

According to the results of our research most of the families living in Baku have one or two children and the average number of children per family is 2.4.

Table — 8

Number of Children in Azerbaijanian Families

Number of Children	Number of Families	Percentage
0	11	5
1 — 2	128	55
3 — 4	77	33
5 — 6	14	6
7 — 8	3	1
Total	233	100
No Answer	5	

It is understood from the demographic tables that there is no illiterate person among Azerbaijanians, the marriage age in most of the families does not exceed 30 and most of the families living in Baku have only one or two children.

2. Some Attitude

The cultural and art activities are fairly lively in Azerbaijan. In 1991 there were 92 newspapers and 68 magazines. During the last three years the number of political newspapers has increased.

Table — 9

The Habits of Reading Newspapers Among the Families
Who Entered The Sample

Reading Frequency	Males F (%)	Females F (%)
Everyday	153(.65)	61(.26)
Sometimes	63(.27)	104(.46)
Non	19(.08)	62(.27)
Total	235	227
No Answer	3	11
$X^2 = 72.33$		
$P = 0.0001$		

Some conclusions can be drawn from this table, such as :

1. The rate of reading newspapers among males is greater, than it is among females.
2. The difference in the frequency of newspaper reading between the two sexes is statistically significant.

In spite of the continual political and economic crises almost all the families celebrate their birthdays.

Table — 10

Birthday Celebration of the Families in The sample
Celebrating of Buying Gifts For

Answers	Birthday F (%)	Birthday F (%)
Yes	200(.86)	194(.85)
No	33(.14)	34(.11)
Total	233	229
No Answer	5	9

According to the other results of the study no family eat out every week. 5% of them eat out once a month, 28% eat more rarely, and 64% never eats out. The biggest reason for this fact is financial constraints on the families.

It is observed that 75% of the families in Baku go on vacation every year. 44% of the families spend their vacation in their own summer houses, 23% of them go to summer houses

belonging to the state sector. 7% rent summer houses, and 25% of them do not go on holidays.

More than half of the families do not participate in lotteries. In addition, the rate of participating in lotteries is more than doing football pools.

Table — 11

Families Who Participate In Chance Games In The Sample

Frequency of Attendance	Lottary F (%)	Sport Toto F (%)
Very often	27(.12)	12(.06)
Sometimes	70(.32)	49(.25)
Never	120(.55)	132(.68)
Total	217	193
No Answer	21	45

Consumption of alcoholic drinks is more common than smoking. Therefore, while 43% of the families keep drinks in stock at home, 40% of them keep cigarettes at home. In addition, while 86% of men drink and 68% of them smoke, 23% of women drink and 19% of them smoke.

Generally art and cultural activities are well-attended in Baku. However, nowadays the level of attendance in such activities has been subdued, because of political and economic crises. For example, more than half of the families included in our research sample stated that they did not go to the theater, cinemas or concerts.

Table — 12

The Cultural and Entertainment Habits of The Families In The Sample

Attendance Frequency	Theater F (%)	Cinema F (%)	Concert, Opera F (%)
Very Often	9(.05)	9(.04)	11(.06)
Sometime	59(.31)	86(.42)	77(.40)
Never	12(.64)	112(.54)	106(.55)
Total	187	207	194
No Answer	51	31	44

Transportation inside Baku is fairly organized. Because of the wide road and streets, traffic jams do not occur even in rush hours. People in Baku use different kinds of vehicles of transport.

Table — 13

Vehicles of Transport Used By Families In The Sample					
Frequency	Shared		Private		
	Bus	Taxis	Cars	Taxi	Subway
Everytime	111 (.59)	17 (.11)	85 (.50)	10 (.07)	54 (.33)
Sometime	29 (.15)	68 (.42)	17 (.10)	77 (.50)	48 (.29)
Never	49 (.26)	75 (.47)	68 (.40)	66 (.43)	64 (.38)
Total	189	160	170	154	166
No Answer	49	78	68	85	72

As seen from the Table — 13 the families usually use public buses and their own cars. On the other hand, they rarely use taxis or shared taxis.

3. Housing Types and Household Articles

Most of the flats in Baku are of standard type. There are also some independent houses. The residence area per person in Baku is 12.6 m². This average rises to 19.9 m² per person in private residences (8).

37% of the families included in our sample live in their own houses, 47% of these families rent houses from the state and 4% of them rent from private individuals. The rest (13%) of the sample live in state houses. The average surface area of the family houses in the sample is 51.6 m² and is distributed as follows :

Table — 14

The Areas of The Houses Belonging to Families of The Sample

Area (m ²)	Number of Families	Percentage
— 30	37	16
31 — 50	108	46
51 — 70	42	18
71 — 90	17	7
91 — 110	10	5
110 +	19	8
Total	233	
No Answer	5	

This means that almost half of the families live in 31-50 m² houses and according to Table — 15 the average number of rooms per family is 2.9.

Table — 15

Number of Rooms for The Families in The Sample		
Number of Rooms	Number of Families	Percentage
1 — 2	91	39
3 — 4	121	51
5 — 6	20	8
7 — 8	4	2
Total	236	
No Answer	2	

In spite of their relatively small sizes, these houses are equipped with almost all kinds of goods required by a family.

Table — 16

The Number of Some Products Available in The Houses of The Families in The Sample

Number of Goods in The Houses

Products	0	1	2	3	Total	No Answer
— TV	8(.03)	165(.71)	60(.25)	3(.01)	236	2
— Video	138(.28)	61(.28)	15(.07)	1(.00)	215	23
— Record Player	50(.22)	128(.56)	46(2.0)	5(.02)	229	9
— Telephone	56(.25)	113(.51)	50(.23)	3(.01)	222	16
— Refrigerator	6(.02)	169(.73)	59(.25)	2(.00)	236	2
— Washing Machine	51(.22)	162(.72)	16(.07)	0(.00)	229	9
— Oven	13(.06)	186(.80)	32(.14)	2(.00)	233	5
— Carpet	6(.02)	64(.28)	145(.63)	16(.07)	231	7

It is understandable from Table — 16 that most of the families have a TV, record player, telephone, refrigerator, washing machine, oven and carpets. Furthermore, only 35% of the sample have video, and no family has a dishwasher while 18 % of them do not know of this product at all.

The probability of reduction in the number of these products per family as one moves farther away from Baku is high. For instance, according to the report published by the Center of Export Developmen in Turkey, the number of TV per 1000 persons is 207, for refrigerator 170 and for washing machine 94 (9).

The other important result obtained from the study concerns the families complaints about the products used at home.

Table — 17

Complaints by The Families About Goods Present in Their Houses.						
Complanit Subjects	Foods	Clothes	Machine	Furntiure	Cleaning Materials	Car
— Price	68(.30)	90(.40)	98(.47)	90(.41)	84(.36)	136(.66)
— Quality	26(.11)	30(.13)	17(.08)	24(.11)	34(.15)	6(.03)
— Price / Quality	112(.49)	80(.36)	40(.19)	70(.32)	41(.19)	33(.16)
No Comp.	23(.10)	25(.11)	55(.26)	36(.16)	61(.28)	31(.15)
Total	229	225	210	220	220	207
No. ans.	9	13	28	18	18	31

Table — 17 presents some important findings. Most of the somplaints about price only were about cars. On the other hand, the fewest complaints about price only was about foods. Complains about quality only were very few. Yet, most of the somplaints about both price and quality were about foods.

4. Families' Income

As it is known, Azerbaijan is one of the wealthiest countries among the new independent republics in the region. In this country the yearly crude oil production is 12.5 million tonns, and the yearly natural gas production is 9.926 million m³. In addition, 5.2 million tons of petrochemical products are exported evry year (10). On the other hand, Azerbaijan allocates 87.2% of her national income to consumption and 12.8% to her investment (11). This means that Azeri society pays attention to, and is familier with, consumption. But the political and economic crises made them pessimistic and hopeless. According to research done by the State Statistics Comittee on 1109 persons, 45% of the sample think that the situation will get worse. The summary of this research is shown below.

Table — 18

The Azerbaijanians' Opinion of The Situation in
The Country According to Their Ages (%).

Ages	Pessimistic	NoChange	Optimistic	Undecided
16—19	—	—	—	100
20—24	41	3	9	44
25—29	43	10	7	40
30—39	44	12	6	39
40—49	47	13	6	34
50—54	44	16	6	35
55—59	48	18	7	27
60+	49	15	5	31
Total	45	12	6	36

Source : Azerbaijan Respublikası, Devlet İstatistika Komitesi, p. 71

As seen in the table, the most pessimistic group is the people over 50 years of age. On the other hand, the most undecided group seems to be the young people.

Another survey by the same Committee on 941 persons was done to search for the adequacy of income to cover basic needs. The summary of the survey is given in Table — 20 :

Product and Services	Adequacy Degree (%)		
	Adequate	Medium	Inadequate
— Food	29	43	28
— Perfect Quality of Goods and Services	12	40	48
— Living in a Nice House	10	26	61
— Conveniences for Good Life	12	34	54
— Healthy Life	12	34	55

Source : Ibid, p. 74

It shows that the family income, except for food needs, is highly inadequate. For instance, the proportion of the families who stated that their income was not enough is over 50%.

The inflation rate, when this research was done, was 27% per week and salaries were being adjusted every two months. Under this difficult condition, we ascertained the income of the families but failed to ascertain the expenditures of the families.

Table — 21

The Total Income of The Families Who Entered The Sample		
Income Segment (000 Ruble)	Family Number	Percentage
—10	23	11
11—20	79	38
21—30	42	20
31—40	32	15
41—50	12	6
50+	19	9
Total	207	
No Answer	31	
× = 25		

According to Table—21 the average income is 25000 Ruble per family. The farther away you move from the city Baku to the rural areas, the less salary can be observed. The salary of the farmers is below this average.

In most of the families who live in Baku, husbands, wives and children contribute financially to the family budget. In addition, almost all the families have, side incomes. In order to discover the contribution rate of the side incomes to family budget we avoided asking the sources of these side incomes purposefully. Despite this, 142 families (60% of the sample) did not express whether they have any side incomes or not. (1\$=600 Ruble).

Table — 22

Income (Ruble)	Men	Women	Children	Other
Non	0(.00)	9(.06)	21(.15)	21(.22)
—5000	29(.14)	62(.39)	84(.60)	22(.23)
5001—15000	123(.60)	81(.50)	27(.19)	28(.29)
15001—30000	41(.20)	6(.04)	7(.05)	17(.18)
31001—45000	7(.03)	0	0	5(.05)
45000+	5(.02)	0	0	3(.03)
Total	205	158	139	96
No Answer	33	88	99	142
×	13370	7380	5403	14100

The following vital conclusions can be drawn from this table:

1. Men in 100%, women in 94%, children in 85% of the families have incomes. 78% of the families have side incomes, in addition to those mentioned above.

2. The average of side incomes constitute the greatest part of the family incomes, this is followed by the average incomes earned by the husbands, which is greater than the wives average incomes. The children make the least contribution to the family incomes (averages in Table 22).

Finally we found that 33% of the families make monthly expenditure budgets regularly. 31% of the them make budgets sometimes and 35% of them do not make budgets at all. In 55% of the families who make budgets, the budget is made by both husband and wife, and in 36% by husband alone and in 9% by wife alone.

SUMMARY AND CONCLUSION

After the close of the Soviet period, in spite of the slowly realized privatization process, the number of people who work privately has grown rapidly. According to this research, 10% of the families in Baku work privately. However most of the families still work in the state sector. In addition, it is observed that the role of women in economic life is very important in Azerbaijan. For instance, 43% of all the employees and 50% of the employees in the education sector are women. Furthermore 53% of the women are university graduates.

According to this research, the average marriage age in Baku is 26.5 years for men, and 22.5 years for women. The average number of children per family is 2.4. But because of environmental pollution, infant mortality is high.

When we look at the life styles of the families we can see that most of them do not eat out of home and most of them do not participate in lotteries. On the other hand, 75% of the families take holidays every summer.

The average area of the houses used by the families is 15.6 m² and number of rooms per family is 2.9. Except for dishwashers, all kinds of machines are present in these houses. But approximately one quarter of the families do not have telephones and washing machines. Most of the complaints are about foods, clothes, cars, and furniture respectively and are concerned with high prices.

The incomes of the families are very interesting.
(22+28+17+5+)/96=) 78% of the families have side incomes
and the amount of this income is greater than men's income
(Table — 22).

No doubt this information, being the first of its kind, is very
important. But two important points should be noted :

2. Azerbaijan is now involved in war. Therefore, the life
styles of the families is not normal and is affected by a psycho-
logical war.

2. Because of the disintegration of the Soviet Republics, the
economic balance has been upset. This balance has not been res-
tored yet. The steps to recover economic balance are very slow.
Therefore, the behavior of consumers will continue to be uncer-
tain. It is certain that this behavior will normalize in the long
run as the economy is put right.

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