

# Euromonitor: Travel and Tourism in Azerbaijan

## Hotel infrastructure supported by developments in the oil industry

Developments in the oil and gas industry have boosted construction of new hotels in Azerbaijan. Over the last five years period, the number of hotels increased from 262 in 2005 to 296 by the end of 2007.



There are several international hotel chains, like Hyatt and Radisson, already present in the country. In addition, Azerbaijan has started negotiations with such hotel brands as Marriott, Kempinski, Hilton, Holiday Inn, Meridian and Sheraton to build and operate their hotels in Baku and the regions.

Most of the hotels are concentrated in the capital Baku, and cater for the needs of international business tourists. Consequently, the prices are quite high even compared to European prices since there is not enough competition.

## Azerbaijan: Tourism Expenditures (€ mn)

**2007**

**2008**

**2009 (Forecast)**

Incoming tourist receipts

783,8

799,3

896,8

Domestic tourist expenditure

134,7

135,7

151,1

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### **Tourism a small but increasingly important contributor to the economy**

Tourism is a small but increasingly important contributor to the economy of Azerbaijan, with international tourism receipts amounting to AZN800 million (€715 m) in 2007 and reached AZN952 million (€ 850 m) in 2008. The growth in tourism receipts will mainly reflect the low initial level, and tourism will continue to play only a small role in the economy. Tourist receipts are mostly driven by business tourists as Azerbaijan is first and foremost an oil and gas producing country.

### **Balance of payments negative - compounded by rise in outgoing expenditure**

Due to the growing affluence of a minority of Baku-based residents, outgoing tourism expenditure was increasing at a rapid rate in 2008, thereby keeping the balance of payments negative. This pattern is projected to continue over the forecast period despite the expected increase in international and domestic tourism receipts.

### **Air travel maintains strong demand**

Air travel in Azerbaijan accounted for over 90% of international arrivals and 80% of departures in 2008. Within the country, air transportation is the favourite choice of 56% of businessmen and almost 18% of leisure tourists. Air travel is projected to remain the most convenient way to reach Azerbaijan, but high air fares and insufficient number of air carriers will impede the country from becoming a popular leisure tourist destination.



### **Marketing still far from reaching its full potential**

In general, there is a lack of marketing materials such as flyers, brochures, maps and postcards. There are guidebooks published by the Ministry each year; however, these contain mostly advertisements, with some information on the regions. On-line marketing remains underdeveloped. There are some good travel agency websites but some are difficult to find. There is a country tourism website ([www.tourism.az](http://www.tourism.az)) which offers very limited information and is hard to navigate. Over the review period, another tourism portal ([www.turizm.az](http://www.turizm.az)) was launched. This portal is supposed to be the gateway to tourism in Azerbaijan and provide information on the regions, tourism routes, hotels and companies. However, the site is only in the Azeri language, thereby limiting the number of potential readers. All of the above are hindering the country's attempts to attract international tourism.

(Extract from Euromonitor International's report "Travel and tourism in Azerbaijan")

### **TOP 10 Source Countries for Azerbaijan Tourism ('000 people)**

**2007**

**2008**

Arrivals from Georgia

323,0

342,4

Arrivals from Russia

312,0

330,7

Arrivals from Iran

182,0

200,0

Arrivals from Turkey

61,0

68,3

Arrivals from United Kingdom

20,0

22,4

Arrivals from Ukraine

16,0

17,1

Arrivals from Kazakhstan

8,0

9,1

Arrivals from USA

7,7

7,9

Arrivals from Germany

6,5

7,0

Arrivals from Uzbekistan

3,6

3,8

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