

### **Features of multinational concerns operating in Georgia (On an example of company "IKEA")**

Furniture business is one of the popular businesses in Georgia. After the crisis, this business even more revived. Furniture stores, which suffered the crisis, say that, only those companies survived from the difficult period, which appeared to be stronger. Some representatives of furniture business also say that sometimes bad news have advantages and "on the one hand financial crisis was good, in the market only the strong companies stayed". In Georgian furniture market more and more companies are fixed. In domestic market competition is really strong. Some firms manufacture furniture, some sell it and some import it. It should be noted that from Georgia furniture is exported and is sold in central Asian market.

World's influential business-edition "Forbs" published the list of the most popular brands in the world. Multinational concern "IKEA" took the first place in this list. The company was established in 1943 and until now operates successfully. Nowadays, "IKEA's" chain includes over 180 stores in 50 countries. For ordinary mortals "IKEA" is one of the most popular manufacturers in prefabricated furniture, household accessories and equipments. For businessmen and marketing specialists it is Swedish "know-how's" most famous example. Company's name has spread rapidly, as a cheap furniture store. "IKEA's" furniture is created for the economic and innovation-loving people who prefer simple furniture.

Except unique design and innovative ideas about household, it is also known that the company's furniture and household equipment is much cheaper than other manufacturers'. However, low price does not mean bad quality. IKEA's main marketing trick is at the affordable prices. Company's stores are spread throughout the world where a lot of people go and buy many, even useless things. However, we should note that they buy not casually, but by the effort of Swedish furniture manufacturers who are based on the several important principles.

One of the most important things is low prices on what the company has been focusing for half a century. Advertisement continuously reminds customers about it, at the stores it is advertised in every 50 meter. Few people know that when it is decided to produce any kind of furniture, first of all they define price and then according to the price they create a new model. The company has a very strict pricing policy. Everybody knows that the brand is proud with its flat packaging. And the fact that every store is located in the suburbs aspires brand managers and their followers to make prices lower, because land in the suburbs is cheaper, according to it the price decreases. All stores are arranged so that a customer is obliged to go through the entire shop. For constant customers there are short invisible exits which are known only to constant customers.

When the company's founder saw how his employee took down a leg of chair in order to somehow put it in the car, he got an idea about producing furniture in flat packaging. To the manufacturer's opinion fashionable and modern designers methods make furniture more expensive and for customers it is difficult to buy. That is why "IKEA's" designers should know everything in furniture production chain, from the idea – to the delivery to a customer. This helps a designer to understand the process of price formation. Price, in its turn, should be as low as possible. Exactly this makes "IKEA's" products famous. Furniture is also sold in the white. Orders on production of furniture are sent all over the world. The company is looking for partners who will make the orders cheaper.

In the company it is approved to make emphasis on its origin – "We are from Sweden and we are abnormally proud about it, we are really trying to restore Sweden here with you".

The company tries to sell as many products and interior things as possible, but it is done with love: taking care of people's comfort and considering even their weaknesses, the world brand of furniture is the leader in its sector.

It is interesting why such a popular brand does not exist in Georgia.

First of all, it should be noted that IKEA cannot bring everything from Sweden; most of the furniture should be produced here and must be cheap; so, it is necessary to organize the entire industry for the company what, in its turn, needs millions of investments. I think such project will be profitable economically. First of all, it should be noticed that Georgia has made significant progress in terms of easy doing business and it is confirmed by the international researches. If "IKEA" enters the Georgian market, a factory and warehouses should necessarily be built for it which will contribute to developing the infrastructure. It will also contribute to employment what will be profitable for them too, because workers do not cost very expensive. It will be easy to export successfully products produced in Georgia to different countries of the Caucasus. Georgia is a regional center for Azerbaijan, Turkey, Ukraine, and Armenia. Thus, the company will be able to find business partners very easily.

If "IKEA" enters our local market, its competitors will be "Embawood", "Belux", "My House" and other small firms, but it will definitely compete with these companies, because quality compared to the price is ideal. The prices for the companies operating in Georgian market are quite high, so companies often make sales for their product and try to sell product with the lower price. With their tactic they also try to make purchasing easier for the customer, particularly they sell kits separately what facilitates a customer to make decision.

Nowadays, millions of copies of the company's catalogue are printed in 34 languages and distributed in those countries where company's stores exist. During the year nothing is added to the prices

marked in the catalogue. The idea about the catalogue was very successfully for the company and currently it is an integral element for the company, as well as the concept of prefabricated furniture, which gave to business unprecedented success and a profit. Nowadays, “IKEA’s” low prices are conditioned by the fact that buyers can take furniture with their car without any problem; they do not need to call the craftsmen to set up a furniture, because the manual of instruction is followed with the furniture; with this manual it is no problem to set it up.

Despite the fact that the company “IKEA” has not entered the Georgian market yet, it is possible to order and import the product from the web-site. The furniture chosen by you will decorate your house and villa just in one week.

“IKEA” is popular almost in all countries, but it has not entered the Georgian market yet for some reason. Though, in my opinion, the demand will be really high.

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