

IKEA Marketing Strategy

Sahar Jalal Fatah
Dep. Business admin



Abstract

- ▶ Abstract— IKEA is an international home furnishing company with a goal of creating a better everyday life at affordable prices. However, in one of their international branches, IKEA has reported substantial revenue loss in 2011 attributed to numerous customer complaints. We executed Six Sigma's DMAIC methodology aimed at revamping the existing business process. SIPOC was used to define overall flow, Data Collection and KANO model for measuring and understanding customers' discontent, Pareto Chart to identify the vital issues, Ishikawa Diagram to analyze the root causes, Affinity Diagrams for suggested improvements, and finally Control Charts to monitor the process implemented. The project successfully reduced the number of complaints from 333 to 43 per month.

What Is IKEA ?

- ▶ is a Swedish-founded Dutch-based multinational group, that designs and sells ready-to-assemble furniture, kitchen appliances and home accessories. It has been the world's largest furniture retailer since at least 2008.



History

- ▶ Founded by Ingvar Komprad when he was 17 , in 1943 in sweden.
- ▶ The brand name IKEA is comprised of the first letters of his name (Ingvar), surname (Komprad) , village he was born (Elmtaryd) and the farm he lived in (Agunnaryd)
- ▶ At first the firm was selling cheap pencils, nylon stockings , clocks etc...



IKEA Concept

- ▶ The IKEA Concept is based on offering a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. Rather than selling expensive home furnishings that only a few can buy, the IKEA Concept makes it possible to serve the many by providing low-priced products that contribute to helping more people live a better life at home.

Strategies



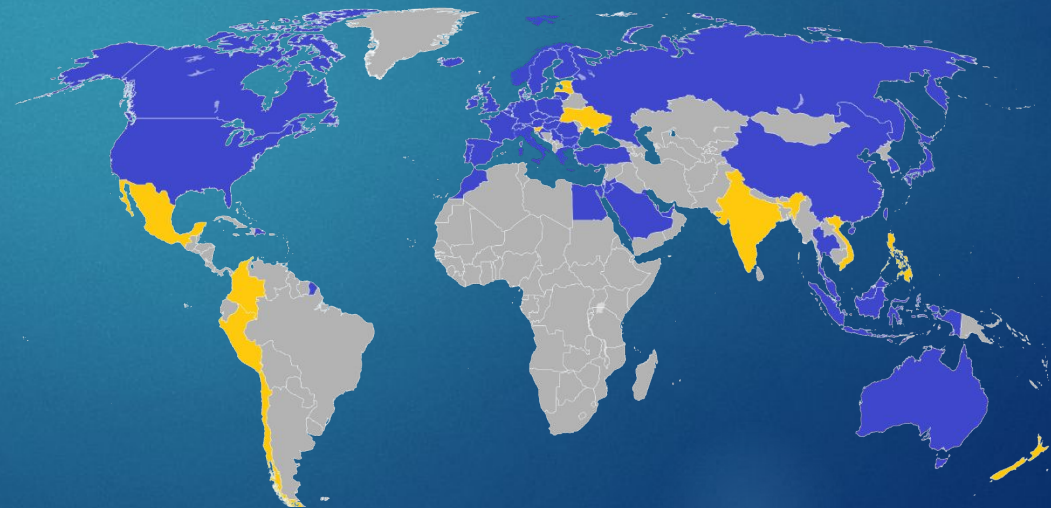
- ▶ Low prices by excluding the costs of transportation and assembling.
- ▶ Although the prices are not so high, quality is good.
- ▶ 6500 different products and about 50 sample living space in a store.

Stores around the world

- ▶ 1958: in Sweden
- ▶ 1963: in Norway
- ▶ 1969: in Denmark
- ▶ 1973: in Switzerland
- ▶ 1974: in Germany
- ▶ 1975: in Australia
- ▶ 1976: in Canada
- ▶ 1981: in France
- ▶ 1985: in USA
- ▶ 1987: in UK
- ▶ 1989: in Italy
- ▶ 1998: in China
- ▶ 2000: in Russia

265 shopping centers

36 countries



10 factors to the successful strategy



- ▶ 1. Understand the consumer in each country and work around their needs
- ▶ 2. Product design
- ▶ 3. Lower prices
- ▶ 4. Featured Marketing Ideas
- ▶ 5. Strong cadres and depend on the family in the management of the company - a family company
- ▶ 6. Display various products for the same product; To suit all tastes.
- ▶ 7. Sales staff with strong personality;
- ▶ 8. Think differently about decor shops; colors; ...
- ▶ 9. Focus on furniture or specialty;
- ▶ 10. Distinctive and unique distribution network



Conclusion

- ▶ Today, IKEA is a successful brand. However, the power of marketing is evident behind its success. One key thing that is important to focus when operating in a global environment is cultural sensitivity. IKEA has responded to the cultural challenges by using product designs and marketing techniques that suit the local markets. Most important things to be successful in any market are product quality and pricing strategy . IKEA has managed these two factors very well. Its products are not just affordable but also of great quality. Apart from that, IKEA has complemented it all with great customer convenience and tried to engage shoppers in the best possible manner. Its catalogs are its main medium of marketing communication. Print and digital channels also play an important role in the marketing of its products and promote its brand. It has also released an app and is using augmented reality to provide customers with a better experience. IKEA's case suggests that marketing in the international environment requires intense focus and apart from advertising you must engage your customers better.