

# [Ikea with would be very different from](https://assignbuster.com/ikea-with-would-be-very-different-from/)

IKEA is a Swedish companyfounded by Ingvar Kamprad in 1943. Mr. Kamprad started by selling door-to-door, offering goods from stationeries to watches, wallets and etc.

Mr. Kamprad soonbegan to sell cheap, affordable furniture, but there were challenges he had toface, one of them being the fact that local suppliers were not allowed tosupply raw materials or furniture to IKEA. Another problem was that industryexhibitions forbade IKEA from showcasing its furniture there. The solution tothe problems that Mr. Kamprad came up with includes designing IKEA’s ownfurniture, getting the raw materials from Polish suppliers and also by hostingits own exhibitions.

Through innovation and determination, IKEA eventuallybecame a success in Sweden and that success led Mr. Kamprad to expand hiscompany worldwide, opening over three hundred stores around the world.   However, IKEA faced much biggerproblems on its expansion to China.

IKEA opened up in China through a joint venturewith the purpose of probing the market, establishing local needs as well asfinding a good strategy to do business in a new terrain. Soon enough, IKEArealized that the strategies they have to come up with would be very differentfrom the ones that they had previously employed, considering the difference inlifestyle and culture of different places.   For example, people in Chinaprefer a different style of furniture—mostly western—so IKEA would have to makesome modifications to its designs. Moreover, Chinese apartment sizes alsodiffer so the furniture built would have to be customized to fit according tothe apartment rooms. The location of IKEA stores also can no longer be insuburbs like the European IKEA stores. Since the people in China mostly travelby public transportation, such as trains, it would be a wise suggestion to haveIKEA stores built next to railway networks. Another strategy that IKEA shouldchange would be the target customers.

Normally, IKEA would be targeting massmarkets, but in China, where people see western products as aspirational, it isbest for IKEA to target the younger, middle class citizens who would have ahigher income, a better education as well as knowledge on western style. Thenormal “ low” prices that IKEA sold its products for in European countries wereregarded as higher than the average prices in China, so IKEA had to be reallycareful in setting the price of its products. I would suggest IKEA try to cutdown on the price of its raw materials in order to lower the prices to fit inmore with the affordable price range. Besides that, other competitors in theChinese market made it hard for IKEA to sell its products, considering that thecompetitors were using IKEA’s catalogue—one of the best ways IKEA has used topromote its furniture—to copy the design and sell it at a cheaper price. IKEA’ssolution to that problem would be to promote their furniture through China’ssocial media and “ Weibo” instead, which proves to be rather effective inpromotion. One other problem IKEA said they faced was that due to mostconsumers in China having a tendency of being price-sensitive and that thesuppliers don’t have the necessary technology, the charging of plastic bags andmaking of green products would have difficulties in being implemented in China.

As such, due to extra costs necessary should IKEA provide the suppliers withthe needed technology, IKEA backed down from its standards just to stay in themarket, deciding to keep at low prices. Based on careful research, these arethe problems that IKEA had faced when opening its stores in China as well assome of the suggestions or actions that IKEA has actually done to overcome it.