

Ikea in a nutshell essay



**ASSIGN
BUSTER**

I choose IKEA because I think that in every house there is at least one furniture from this company.

But it is also a very interesting company in the way it is managed. It is an original company. I) IKEA in a nutshell. IKEA was set up by Ingvar Kamprad in 1943, in Sweden (www. ikea. fr, source 2).

The name of the company was composed of the initials of his name (I. K.) but also with the initial of the farm and the village where he grew up (Elmtaryd and Agunnaryd). At the beginning he sold some little useful things such as pens. But it was in 1951, that he decided to sell only home furniture at a very low price. The company such it is today is borne.

In 1953, there was the first exhibition of furniture. Customers could, for the first time see and touch the furniture before buying it. In 1956, IKEA created furniture in kit. The first store opened in 1958, and the first store which opened in a foreign country was in Norway five years later, and then the first store out the Scandinavia opened in Zurich in 1974. In 1999 IKEA had 53, 000 employees and 144 stores in 22 countries (source 2). II) IKEA and its strategy.

‘ Managing strategy requires the consideration of a wide range of factors to develop a coherent long-term direction for an organisation.’ (G. Johnson, 1999: 6; source 1)a) The products. Since the beginning the concept of Ingvar Kamprad is still the same : ‘ to offer a wide range of furnishing items of good design and function at prices so low that the majority of people ca afford to buy them.

' (source 1) The company proposes a range of furniture kit; which are, when they are packed, take few amount of spaces. Then you have to assemble it at home and it is easy to do it. What is important for the customers is the quality, the style and of course the price. They are destined for everybody, there is no particular type of customer, IKEAs' furniture are for all type of life.

b)The stores. In stores you can see the furniture as it will be at home. And you can see all of them, they are all exhibited (source1). You can find whatever you have seen before in the full catalogue. Then all the information about the item is written on labels such as the size, different colours in which it is available and of course the price.

You can have all the first information by yourself. Like that the sales staff is available at anytime for questions. Stores are a huge place where you have to feel well. So there are some big car parks, and some facilities as restaurant and cafe; but also special areas for children. Moreover they are focusing on the time you can waste when you wait at the cash desk as you are queuing, this time should be spend in the store looking at the furniture.

c)Low cost.

One of the strengths of IKEA is the very low price of the products, the are about 20-40 per cent cheaper than same products made by competitors (source 1). IKEA achieve to get so low price thanks to 30 offices all around the world. There aim is to look for good suppliers. Once they have found some good raw materials at a very low cost, the staff see for which product they can use it. But in the year 1998, IKEA had been accused to get so low

cost because it exploited people in the Eastern Europe, the labour being very cheap (source 1).

d) The logistic. An over strength of the IKEA's strategy is a highly efficient logistic. In fact all the items are available at any time in any stores. It seems to be easy but behind the store there is an important control of the distribution. There is a network of 14 warehouses in the world which supply all the stores (source 1).

e) The company. It was created by Ingvar Kamprad, but nowadays the chief executive officer is Anders Dahlvig. Since 1996, the company has been split into three parts. The retailing, franchise and trademarks and finance-banking (source 1). IV) Some figures. (sources : www.

ikea. co. uk, source 3))Turnover for the IKEA group (source 3)'The turnover for the financial year 2001 (1 September 2000 – 31 August 2001)was 10, 4 billion Euro. This is equivalent to 9, 6 billion USD.'Top five sales countriesGermany 21 %USA 13 %United Kingdom 12 %France 9 %Sweden 7 %V) IKEA and its employees.

Employees are very important for the company. For IKEA it is important to develop the company's culture. In 1999, all the employees received a bonus (source 2). It was an acknowledgement from Ingvar Kamprad for the very good job that everybody has done during the millennium. The whole turnover of the day 9th October has been handed out to each employee.

VI) IKEA and children. Since ever the company is aware to children. They are the most important in the world. The company launch special items for kids

(source 2). For example, the year 1980 was the 'Children's year' (declared by the Nations States), so IKEA created a special sofa for children.

For such creations they use the advices of psychologist and children themselves. Conclusion. As we can see, IKEA is a very interesting company.

It provides some original furniture and the organisation is excellent.

Moreover there is a real company's culture, they do not only sell some items for the house, they provide a spirit, the IKEA spirit.

I think they have to believe in the power of the brand. They are well-known for the originality of the products. They have to carry on this strategy. In the future, they need to insist on the 'lifestyle' of IKEA. It would be great if they can open some stores inner the city. In fact they are usually outside the town, and if you don't have any car you can't go to the store.

It would be so useful to have them in the centre of the town.