

# Manufacturer – kea case study

Business



These included the idea of selling furniture as self-assembly flat packs (which reduced reduction and transport costs) and its 'showroom-warehouse' concept which required customers to pick the furniture up themselves from the warehouse (which reduced retailing costs). Both of these operating principles are still the basis of Kike's retail operations process today. II.

Case Questions 1 . What are Kike's competitive priorities? The top factor is to offer products of good quality at a low price. Kike's priority is to keep making offerings less expensive, without making their products cheap.

Currently, their prices are 30 to 50 percent below the competition's. And while their competitor's product prices increase over time, Kike's has reduced theirs. To strike a balance between less expensive and cheap, KEA implements its strategy in designing, building and distributing its products that passes the taste of customers In terms of price and quality.

2. Describe Kike's process for developing new product. Product Development – at this early stage, product developers of KEA not only come up with product designs that will capture its market but they also design the new product with its cost, and essentially its selling price, in mind.

Along the process of manufacturing the product, the designing is continuous with changes being made to make it more economical to produce, package and transport to stores. Choose A Manufacturer – KEA has a complex worldwide network of suppliers and sub-suppliers they can contact to get the best quality at the right price at the right time.

KEA maintains good relationships with its suppliers to build up supplier knowledge on demands and expectations from KEA.

Aside from choosing manufacturers that can deliver what the company needs, KEA also ensures that partner and suppliers that are compliance with ISO 9001 standards to the extent that they closely coordinate with external quality control and audit companies to ensure that KEA and its suppliers remain compliant to the code of conduct. And while KEA targets cost reduction, it does not go as far as getting raw materials that are cheap but not environmentally friendly. Design the Product – When designing products, KEA does not have to look far away for designers.

It drives internal competition among its own team to come up with solutions that get maximum functionality at a minimum production cost. Ship it – Distribution and logistics in KEA targets delivery of the right quantity of goods to the right stores at the right time while still having in mind the cost.

Among its well-known innovations that dramatically reduced its transportation costs is the selling of furniture as self-assembly flat packs. Products are shipped disassembled, flat enough to be tied down on the roof of a customer's car. No more transporting bulky tables and chairs translate to lower shipping costs, hence lower transport volume.

And if the products cannot be disassembled, it will be redesigned as many times as needed to ensure that packaging and transporting will be more economical. Less space consumed, less storage costs, less shipping costs. Sell It – KEA stores are designed to facilitate the smooth flow of customers – from parking, to moving through the store, to ordering and picking up goods.

<https://assignbuster.com/manufacturer-kea-case-study/>

At the entrance to each store, large notice boards provide advice to shoppers. The stores provides company-sponsored child-care facility so parents can leave their children in a supervised area.

The store's layout is designed so that customers spend on average 2 hours in the store – far longer than its rivals. The layout guides shoppers in a predetermined path where they can see realistic model homes. Product placement of low-priced items and its more expensive counterparts are well thought of. ' KEA, although known for selling inexpensive products, have also expensive furniture offerings.

Its strategy is to display it in such a way that customers will fall prey to visions of wealth and comfort at modest circumstances plus backing it up with easy credit.

To save on selling costs, there are be limited sales people and with the help of its self-assembly concept, it avoids spending on employees to assemble the products and incurring shipping costs since customers can pick up the items themselves. For bigger item purchases, customers can go to information desks for assistance, pay at check out and wait for your purchases to come out KEA' conveyor belts to its exit area designed for convenient loading. 3. What are additional features of the KEA concept (beyond their design process) that contribute to creating exceptional value for the customer?

Aside from banking on their product design to come up with quality goods that are Inexpensive to produce, assemble Ana snip, KEA also Integrates strategies Tanat can capture and satisfy market requirements such as the <https://assignbuster.com/manufacturer-kea-case-study/>

Layout design of its stores – making it more convenient to purchase items (online or in-store) and load these items to their cars, Provision for child-care facility so that consumers can walk freely and take their time to purchase an item and maybe purchase other items they may see in the store Locating stores in effective places and designing parking spaces that aka it convenient for shoppers to park, buy and load goods. .

What would be important criteria for selecting a site for an KEA store? With the standard layout of KEA stores in mind, I think the space should be large enough for the child-care facility, the showroom, the warehouse, and the check out counters, loading area and parking. It would also be important to study the nearby community for customer profiling as well as infrastructure to ensure that the site is accessible. But most importantly, buying the land or renting the space should not be expensive. Otherwise, the cost will be passed on to consumers.