

# Ikea looks to further penetrate the u.s. market

[Finance](#), [Market](#)



Given the SWOT analysis presented in the case, what are IKEA's key competitive advantages?

What strategic focus should the company take as it looks to further expand into the U. S. market?

IKEA's low cost structure has been the very core of its success. It's low-cost and high-quality strategy fits with the current state of the economy. Offering convenience factors within IKEA's stores would fit well with IKEA's low cost structure. It maintains its low-cost business model by creating a different furniture shopping experience.

IKEA supplies customers with all possible materials needed to complete their shopping when they enter the store (that are, measuring tape, paper, pencils, catalogs, strollers, and shopping bags). Although IKEA is not set up as a traditional furniture store, the company does provide several added amenities. There is no denying that brand image is a key strength for IKEA. IKEA considers the environmental impact of every step in its business processes by making products that are environmentally conscientious and cost-effective. To further expand into U. S. market, IKEA must address two key issues. The first is the overwhelming individuality of U. S. consumers. Further expansion into the U. S. market will require IKEA to adapt its offerings and stores to local tastes. The second key issue is quality. Although American consumers are increasingly value-driven, they also demand quality products. Many Americans view self-assembled furniture as being lower in quality, and similar to the types of furniture one might buy at Walmart or Target.

What factor is the biggest reason for IKEA's growth and popularity: value or image?

What can IKEA do to sustain growth after it loses some cache? \* There is no denying that brand image is a key strength for IKEA. Even if they have not been in a store, most people around the globe recognize the blue and yellow logo as a symbolic representation of trendy, modern, and fashionable furniture which have been based on Swedish home-based clean and efficient service. Diversification can be a good way that IKEA does to sustain growth after it loses some cache. Product innovation and market development such as IKEA's expanding goal in U. S. market.

It is a risky strategy but with careful selection of the right kind of businesses, considerable improvements in profitability can be experienced. To try and maintain growth, IKEA is considering diversification outside of the furniture market. 3. What strategic alternatives would you suggest IKEA employ to further penetrate the U. S. market? \* Add more services to enhance customers' experience, and implement a customer relationship management system to track current customers and communicate with them. Keep IKEA's brand image and focus on correct placement of stores. Expand product lines to flank the budget line with a higher-priced line. Clever advertising and promotion.

Speculate on what will happen at IKEA stores as they are adapted to fit local tastes. Is the company's trade-off of service for low cost sustainable in the long term?

IKEA's management philosophy; " Our vision is to create a better everyday life for the many people. Our business idea is to offer a wide range of well-designed, functional, home furnishing products at prices so low that as many people as possible can afford them. and all its activities is founded on its mission of offering wide variety of functional furniture for the house, of a quality and at a price affordable by a majority of people. This mission shows IKEA's competitive advantage, positioning strategy and marketing mix. Tailoring IKEA's stores and product to local tastes will cause IKEA to change its mission, to lose its competitive advantage and to redesign its positioning strategy and marketing mix.