

Problems with ikea essay sample

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We have analysed the IKEA case study “ Managing cultural diversity” . Our analysis of key problems, recommendations and their limitations are summarised in the following document.

HEADING

Key problem #1: IKEA suffers from a lack of innovation and faces the possibility of offering a very similar product base. This is due in part to the lack of fresh blood in the organisation. IKEA’s policy of hiring the same genre of people leads to inhibiting diversity and innovation to meet change in new markets.

Recommendation: IKEA should broaden its selection base of hiring people. Whilst not changing the core competencies required of key staff, a new emphasis should be placed on the hiring of people from a mix of backgrounds and personalities. This will promote diversity, infusion of new ideas and ensure the richness of the culture.

Limitation: This diversity may however lead to lack of goal congruence and a distraction from the common goals. There may be a waste of resources to get such a diverse group to agree to a common viewpoint.

Key problem #2: Not enough like-minded managers (Swedes) to manage stores.

Recommendation: There are two options to solve this issue. Firstly, a solution would be to hire more Swedes with similar work ethos and cultural similarities. Secondly, another option is to promote successful managers from various countries to expatriate jobs in other geographies. This would

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not only achieve strong transplantation of talent but also build strong and committed global managers.

Limitation: There may not be enough capable candidates in the overseas pool of Scandinavian expats. Additionally, looking at the second option of transplanting foreign managers in businesses outside their home countries may foster feelings of resentment of locals, inhibiting individual advancement.

Key problem #3: IKEA has not been proactive in accepting the specifics of new markets and tailoring some of its products to satisfy local markets.

Recommendation: IKEA should perform detailed market research and studies of individual market tastes and get a feel for its unique customers. Whilst maintaining the IKEA brand and IKEA way are critical not coming across as a customer (which ever country he may be in) focussed retailer will have adverse effects in the long run. When the initial novelty of the products wears off, customers will begin to realize that the products are impractical for their country and will switch to the local competition.

A successful approach may also involve producing and marketing unique products for the target market. This will further endear the products to a local clientele.

Limitation: An expanded product range would inevitably be more costly. Additionally, local consumers may not be expecting to copy and imitate the local products and their subsequent sale at a potentially higher price.

Key problem #4: Unstructured and informal organisation structure, demotivates people.

Recommendation: Define a better structure, promotions and reward transparently

Limitation: In contrast to the IKEA way

Key problem #5: IKEAN may not being using the most effective marketing ploy of segmenting its customers and focussing on the universality of convenient products. For example selling quality, convenience and global application. (The McDonalds machine).

Recommendation: As IKEA's global target market is generally the same they could develop a global marketing campaign and emphasise the Universal application of their products. The target buyer is an upwardly mobile young professional or a young couple with a medium sized disposable income in London, Chicago, Singapore or Perth. They all want quickly assembled and good-looking trendy furniture. Therefore we recommend that IKEA should capitalise on this globalisation of customer culture and appeal to them through a global uniformity campaign. They could sell the dream of the yuppie and not just the furniture.

Limitation: This however may IKEA's approach to reliant on one market segment and may limit its expansion potential into less developed markets.