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Azfariza Abdul Razak (G77052) IKEA – The Global Retailer How has the globalization of markets benefited IKEA? IKEA has been a great success in its home country.

By expanding its market globally, now the same great products are offered in 33 different countries. As the middle class target group enjoys having great looking furniture but at an affordable price. And because of having this strategy there is a lot of demand in which makes IKEA renowned brand. IKEA managed to avoid the costs that associated with shipping the product all over the world. Its strategy to engage with suppliers in each company’s big market has led IKEA to reduce price of its products and boost the number of sales. The main strength of IKEA is low of product price and combines with solid sales performance. The globalization of market made IKEA establish its stores almost in every country in the world as the cost of transportations, labor, and materials can be reduced. How has the globalization of production benefited IKEA? It has benefitted IKEA beyond their expectations.

As the barriers for doing business with other countries being low, they were able to contract different manufacturers for each item they would introduce later on in their shops. They can find low cost suppliers, which in exchange can make them, lower the prices of the product where the consumer will also benefit from. Globalization of production benefits IKEA also by letting them save in the shipping department, seeing as they use local suppliers in the biggest stores that they have. IKEA’s success is based on principal marketing strategies that remain the same throughout the world, which include a catalogue that is printed in different languages, for many countries, and the use of the colors of the Swedish flag blue and yellow in the IKEA logo.

This is combined with an emphasis on customer freedom and choice with regard to buying and taking home products, and low prices intended to create a “ sale” mentality amongst customers. This aggressive price strategy coupled, with a wide product range catering for every potential lifestyle and life stage of a consumer, can best summarize the company’s recipe for success. The fact that IKEA targets all age groups and households makes it an attractive proposition to a wide spectrum of most countries’ consumers. To have strong sales performance IKEA understands the uniqueness of target market in each country. What does the IKEA story teach you about the imits of treating the entire world as single integrated global marketplace? Every country is unique and has different cultures. The preferences and tastes of consumers are different according to the lifestyles and needs.

So, in order to penetrate the global market, a company must know what to offer in which market. If the strategies to provide low price of product offer a company must identify what and which factor that can bring the lowest cost in term of labor, transportation, materials and so on. It taught us that should try to fit the needs of each country and culture into our way of doing business with them in order for both sides to benefit from it.

Not even if the demand in other countries might be different for a certain product, we should always be prepared to fit into the preference of the country we’re established in. Every culture in every single country varies when it comes to taste. Need to adapt local product in these markets for these consumers (China in comparison to United States).