

Ikea brand

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IKEA has created a global brand focused on low prices and contemporary designs. In 2009, Interbrand ranked IKEA 28th on its list of the top 100 global brands (# 35 in 2008 indicating 10% increase in brand value over just year). IKEA's success is attributed to its vast experience in the furniture retail market, its product differentiation and costleadership. The brand Ikea has become iconic in consumers' minds. CEO, Anders Dahlvig, states “ the awareness of our brand is much bigger than the size of our company” (Kling, K & Goteman, I. 2003). IKEA is growing aggressively around the world and at each of the store openings there are wacky promotions. For example, at an Atlanta store opening (2005), the company offered a \$4, 000 gift certificate for the first person in line. (The man who won the contest camped outside the store in the boiling heat of summer for seven days.) The recent “ IKEA facebook campaign” shows how they are leveraging the power of social media networks to attract target customers.

To promote the opening of its new store in Malmo, Sweden, they created a facebook profile for their store manager and the team then uploaded IKEA showroom images into the store album. People were encouraged to tag items in the photos with their name to win it for free! As the word about the campaign spread (through participant's profiles, news feed links and other forms of word of mouth), the photos were tagged in seconds and brand awareness grew rapidly.

Not only did the Malmo IKEA store became popular in just few weeks, the story was picked up throughout the world by various news channels and online blogs. IKEA's competitors include: Kmart and Target Corp. in the US, Fly in France, Japan Nitori Co. in Japan. They differentiate themselves from

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their competitors on the basis of: Price: IKEA is perceived as a value brand following their “affordable solutions for everyday living” tagline. Ikea focuses on lowest price segmentation. The company can do this because they have one of the lowest operating margins in the industry, 10%.

As compared to its competitors, IKEA stands out as a cost leader providing affordable products with good quality and design. “To achieve that goal, the company's 12 full-time designers at Almhult, Sweden, along with 80 freelancers, work hand in hand with in-house production teams to identify the appropriate materials and least costly suppliers. With a network of 1,300 suppliers in 53 countries, Ikea works overtime to find the right manufacturer for the right product. Simplicity, a tenet of Swedish design, helps keep costs down. For e. g. the 50 cents Trofe mug comes only in blue and white, the least expensive pigments!).”(Carpel, K. , 2005) The company focuses on cost control, similar to Wal-Mart's practice of squeezing suppliers and Toyota's elimination of waste and errors in manufacturing. IKEA is highly competitive at this front while constantly dropping the price (2-3% annually) to provide the best values for customers. The suppliers and designers have to customize some Ikea products to make them sell better in local markets.

For e. g. Julie Desrosiers, the bedroom-line manager at Ikea of Sweden, visited people's houses in the U. S. and Europe to peek into their closets, learning that “Americans prefer to store most of their clothes folded, and Italians like to hang.” The result was a wardrobe that features deeper drawers for U. S. customers. (Carpell, K. 2005) Majority of products at IKEA

are designed for flat-pack distribution so that they can be easily stored and then transported in the average car.

They are easy to self-assemble by the customer. IKEA's brand positioning and how it impacts their brand image and branding strategies. As IKEA is expanding rapidly around the globe, it faces a number of challenges in terms of varied cultural, demographic and market specific needs. The 'one-design-suits-all' global expansion strategy might not be suited for the culturally diverse markets, yet the brand is perceived in a similar way by the customers around the globe exhibiting low price as the core brand value.

As IKEA expands globally, the branding strategies revolve around providing value (quality and design) to the customers at affordable prices. References Capell, K. (November 14, 2005). Ikea, How the Swedish Retailer Became a Global Cult Brand," Business Week, pp. 96-101. Retrieved from http://www.businessweek.com/magazine/content/05_46/b3959001.htm Lee, S. (2007). IKEA: A Branded Experience Is More Important Than Customer-Centricity. Retrieved from http://www.customerthink.com/article/ikea_branded_experience_important