

# Oracle

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How is the IKEA operations design different from that of most furniture retail operations? IKEA is known as one of the world's largest furniture retailer that focuses highly on cost control, operational process and product development. IKEA differentiates itself from most furniture retailers by offering a wide range of well designed array of home furniture at very attractive prices that remain affordable to a large group of diverse customers. There are some unique features of IKEA as compared to most furniture retail stores (IKEA, 2012) Self - Service' (minimal service or influence from sales person) Details of all products are made ubiquitous in the showroom thus making sales assistance unnecessary which this in return helps to reduce the hiring cost of labor. Layout of Products (product exposure) Ikea stores are designed in a one-way ' walk-through layout' that requires customers to be exposed to the entire products which is unlike from most furniture retail stores where by customers may choose to go directly to the section they preferred.

Hence, the flow allows increased efficiency from entering the showroom, selecting of products to lastly making payments. Furniture Most of Ikea products are self - assembled products, this helps to reduce the costs of shipping as higher volume of bulk packaging can be done. Unlike most furniture retail stores where free delivery and assembly is given, additional charges apply if fixing of product is required by the customers. Lastly, four dimensions of operations (Volume, Variety, Variation and Visibility) will be used to determine the differences between IKEA operations to that of most furniture retail stores.

High Volume - IKEA's operations are of very large scale, major land space and huge car parks are developed to cater to all customers, everything about the design of IKEA's operations encourages high volume of throughput as compared to most furniture retail stores (IKEA, 2012). High Variety of product but Low Variety of service - The variety of products showcase in IKEA is much more than most furniture retail stores, from small items such as kitchen appliances to large items such as tables.

However, as far as the variety of service is concerned it is relatively narrow. Most products are self - assembled and there is no sales person to provide any service to the customers, leaving themselves to figure out and make their own decision for the purchase. High Variation on demand - Public holidays and weekends usually attracts more crowded as compared to normal week days, hence result in high variation.

However, there will not be any difficulty of getting part-time staff into IKEA during the peak period as the operations in IKEA are well designed. Unlike most retail store which require staff with specific expertise that requires time to hire. Low Visibility - Customer contact is high in certain extend, but overall it is lower than most furniture retail stores considering most of the things are done (' self-service') solely by the customers from the start till it reaches the point of payment where it is also a standardized process by IKEA.

This ultimately reduces the costs of the transaction as far as IKEA is concerned. What do you think might be the major problems in running an operation like IKEA? Having such huge variety and high volume of product being transacted, it may be tough for them to manage the inventory for all items. Shipping of high volume bulk items may take time and IKEA may face

stock-out period, hence their operations planning has to be done and calculated accurately.

As all sales are done on 'self-serviced' manner, it may not create a great shopping experience as compared to most retail stores where sales person are able to cater a more specific and unique first-hand experience to all customers to create loyalty. Lastly, IKEA being the largest furniture retailer require a lot of natural material such as wood, which may harm the global environment (IKEA, 2012). Reference IKEA (2012) Our Vision and Business Idea. Available at: [http://www.ikea.com/ms/en\\_SG/about\\_ikea/the\\_ikea\\_way/our\\_business\\_idea/index.html](http://www.ikea.com/ms/en_SG/about_ikea/the_ikea_way/our_business_idea/index.html) (Accessed 29 January 2013)