

# [Overcome the identified weaknesses and threats](https://assignbuster.com/overcome-the-identified-weaknesses-and-threats/)

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Performance SWOT analysis IKEA is amongst the biggest retailers of furniture in the world. It has grown rapidly since it was founded in 1943. It sells more than 10, 000 furnishing products from well over 300 stores in around 40 countries. The company has in excess of 600 million visitors to its stores, and it is very successful website attracts in excess of 600 million visitors every year. IKEA is a Scandinavian company famous for furniture from living rooms to children's bedrooms. The majority of IKEA's furniture is flat-pack, ready to be assembled by the consumer. Strength IKEA is an environmentally friendly business with a keen focus upon sustainability. In years gone by the company had been accused of encouraging wastefulness since it made a very large numbers of furniture products at low prices. As part of an integrated public relations campaign - IKEA now focuses on sustainability and made it an underpinning principle of its businessphilosophy. \* A democratic design reaching an ideal balance between function, quality, design and price. IKEA Cost Consciousness means that low prices are taken into account when each product is designed from the outset. \* IKEA likes satisfied customers.

The business manages to score highly in customer satisfaction surveys. Many marketing research companies rank IKEA in their top 10 companies for customer satisfaction. They managed to enhance their brand association with such great results. \* IKEA has maintained long-term partnerships with its suppliers. By committing to buying large volumes over a number of years IKEA can negotiate lower prices. This ensures that the company has access to high-quality materials at reasonable prices. This also benefits the suppliers because they enjoy the greater security of having guaranteed orders. Weaknesses The business is experiencing problems in one or two home markets. For example in the European market of the United Kingdom, IKEA has recently opened more stores which means that the number of visitors is divided by a greater number of retail outlets. So in the past the consumers would travel many miles to visit stores and each store had a large number of visitors, now these consumers have not really increased in number, but are now able to visit a more local store. This has reduced the footfall per store and any sales density \* The size and scale of its global business. This could make it hard to control standards and quality.

Some countries where IKEA products are made do not implement the legislation to control working conditions. This could represent a weak link in IKEA's supply chain, affecting consumer views of IKEA's products. The IWAY code is backed up by training and inspectors visiting factories to make sure that suppliers meet its requirements. \* The need for low cost products. This needs to be balanced against producing good quality. IKEA also needs to differentiate itself and its products from competitors. IKEA believes there is no compromise between being able to offer good quality products and low prices. Opportunities \* IKEA can further capitalize on the " green" movement and IKEA's customers' desire to have less of an impact on theenvironmentto denoting the demand for cheaper and greener products .

\* IKEA has a number of areas of focus to its work with sustainability, each of which it supports in various ways such as offers tips and ideas online for costumers to create a more sustainable home , developing strong socialresponsibilityby giving to a wide range of different charities and reducing carbon footprint by packing in less material. IKEA is traditionally famous for its diversification strategies. For example in the past they have soldfoodproducts and opened restaurants in their stores. So the online opportunity of trading through highly advanced e-commerce technologies is an ideal avenue for IKEA. Obviously this helps the business to overcome problems with out-of-town stores since consumers can stay at home to shop and then request that goods are delivered to their doorstep. Threats \* Businesses such as IKEA will struggle against the larger portfolio suppliers such as Tesco in the United Kingdom and Walmart in the United States.

For example Tesco's sells not only groceries, but TV sets and mobile phones, so it is only a matter of time before the business diversifies into a range of bedroom furniture or kitchens. \* Like any global marketing company IKEA has to compensate for the global economic situation. The business needs people to move through thefamilylife cycle. Empty nesters need to equip their homes with furniture. So interest rates need to be low enough so that they can afford to borrowmoneyto equip their new homes. There needs to be plenty of low-cost housing for them to be able to do this.

Do they have job security? The changing economic environment will impact and influence IKEA’s furniture business. \* IKEA is trading in relatively mature consumer markets, and has entered all plausible free markets countries. The new and emerging nations of India and China sometimes make it difficult for IKEA to embed itself as a supplier to new consumers. For example, there are often foreign ownership rules which mean that IKEA might have to take a local business partner. The new partner could take more than 50% of its business and this is not always acceptable to its board.