

Kea business model and strategy

Business



Infant some of the challenges that it faced initially while entering American market is a testimony to that. Initially when it entered American market, the Sales were relatively low because the furniture and its dimensions were more appropriate for European customers. Later when it started designing and dimensioning furniture and other accessories per American tastes, the Sales shot up. Therefore It is important for Kea to continue to design its furniture and accessories keeping In view local cultures to be able to effectively meet their needs.

Secondly Kike's business model is different from traditional furniture places.

One Is expected to pick up these large flat modular furniture boxes at the store, drive hem home, inbox them and then assemble the pieces. Now this can be psychologically burdensome for a lot of customers who are not good with assembling and with the tools. This could potentially discourage quite a segment of potential customers. Recommendations: understand the local demographics and culture more closely to be able to more effectively design the marketing campaigns.

Low cost sometimes can create this image of low quality products. And so I would also recommend to Kea to incorporate strict quality control mechanism with its suppliers to make sure the quality of its products doesn't go down.

I would recommend Kea to highlight in its marketing campaigns both -value as well as quality of Kike's products. Secondly, for the people who may get scared at the very thought of picking up the heavy boxes, unfixing them and then assembling them, my recommendation would be to come up with

staggered delivery and assembly options for the customers for an additional cost.

Also If Kea can replace written assembly Instructions with DVD's, I think that would be a very smart move which will bring down the furniture returns and thus improve company's bottom line. 2. While offering low cost good quality runtime is one of the strengths of Kea, it can also lead to concerns and a perception of “ not long lasting” products because of the low prices. And while the cost of the products has been going down consistently primarily as a result of Kea bringing more local suppliers on board, it still depends on European suppliers to meet its international supply chain obligations.

As competition with other low cost furniture retailers becomes fierce, Kea may be at a disadvantage If It continues to source material from Europe.

Recommendations: I would recommend Kea to target young demographics and gaslight Its low cost leadership, good quality and modern attributes In Its marketing campaigns to further reinforce and consolidate its brand positioning for the long term Dustless success.

I'd also recommend Tanat ' Kea slung up more local suppliers and open up more local manufacturing facilities to lower its dependence on European imports to further drive down its prices as the competition with the other local retailers heats up. 3. Skies has been mainly promoting its products via distribution of product catalogues.

And they seem to distribute these within surrounding areas of the store.

Now, furniture is a high involvement product in my view and people might be

willing to travel some distance to buy if they can it at affordable prices with good quality.

Secondly, Kike's products seem to cater to value conscious young modern people and to that segment of the population it doesn't seem to market aggressively enough. This segment of the population is definitely more active on social media on the internet and so if Kea is not using the social media platform more effectively in its advertising efforts that would be a problem. They also have not signed up any celebrities to be the brand ambassadors of the products which might not be working out for them.

Recommendations: I would therefore recommend that the catalogues be distributed among the target segments (students, young modern value conscious families) in areas little farther from the stores as well. They can take advantage of the college/ university campuses and sporting events to distribute those catalogues to promote their brand. I also recommend incorporating social media marketing campaigns as one of the marketing strategies. Kea could also promote their brand more aggressively in print media and especially in the magazines catering to value conscious modern families and students.

And finally they could sign up some celebrities to be brand ambassadors of their products. 4.

Kea stores are generally located farther from the main business centers or the population hubs. They are also few in numbers. This may be a problem since they are not conveniently located to encourage people to drive by and check out their products. On top if Kea is also not aggressively marketing to

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get those people to visit the stores that will sure become a problem in gaining incremental market share.

I also observed that Kea faced long lines at times in their stores which the customers are not going to like. Recommendations: My recommendations would be for Kea to sign up more franchises to expand the distribution, build more stores in strategic areas complimenting company's overall business model and strategy.

Kea could possibly consider tie-ups with other furniture brands/outlets to increase its reach and presence. Kea should continue to innovate, improve their store designs, expand on the payment methods and integrate more technology to improve its store operations.