

Ikea guide a new generation life style assignment

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IKEA GUIDE A NEW GENERATION LIFE STYLE Guangdong Polytechnic Normal University December 31, 2008 IKEA is the way to Heaven, because anybody can trust the spirit that releases energy through the arrangement of furniture. ?????? Edward Norton(Award winning actor) There are many things to the secret of IKEA's success. There is the design of the store which requires the customers to walk a long way before reaching the exit. The lack of customer service requires customers to shop alone without interruption. IKEA also has an interesting coffee shop that supplies Swedish meatballs and orange juice to hungry shoppers.

Interesting is the simple furniture which requires assembling by the purchasers. All of these things mentioned are what contribute to IKEA's success. This is what IKEA considers the customer guided market. IKEA takes advantage of the business model which requires considering the opinion of customers to design marketing plans. IKEA has a long history and an effective brand, furthermore, IKEA follows the model trend of furniture fashion by producing what is correctly in style. With housing prices growing and smaller room design have become a popular idea. With limited space, IKEA's furniture can help one to take advantage of the entire area.

IKEA's purpose statement is " the higher quality, the lower price". Although IKEA market low prices for high quality goods, it is prices are still above average incomes spending for Chinese nationals. The name of IKEA is made up of the first capital letter from the Swedish words Ingvar, Kamprad, Elmtaryd and Agunnaryd. Ingvar Kamprad is the name of IKEA's founder, Elmtaryd is the name of the farmhouse and Agunnaryd is his hometown which in a small country named Sweden. In the beginning, Ingvar Kamprad <https://assignbuster.com/ikea-guide-a-new-generation-life-style-assignment/>

sold cheap things, like pens, wallets, frames, cosmetic tablecloths, watches, jewelry and socks.

In 1943, when Ingvar was seventeen year old, he used money given to him by his father to build the Ikea Agunaryd. As the business was getting bigger and better, Ingvar Kamprad found the responsibility of the store too great for him to handle, which lead him to sell products by mail order. Afterward, he turned to selling furniture because of the high profit and because of the convenience. It was difficult to remember all the products' number, thus, naming the furniture was giving a life and a special personality, so Ingvar Kamprad gave a name to each piece of furniture and this creative idea which attracted many customers.

The first furniture called " Ruth", was a chair is without an armrest. The name of IKEA was becoming more popular, because of the convenient mail order. Many companies followed this trend. Then mail order became more competitive and making the price lower and lower is not a long-term's strategy. Ingvar Kamprad decided to raise prices to maintain high quality. A furniture-exhibition center was necessary, so that people can visit and judge the furniture for themselves, having a place for customers to justified raising the furniture price. Ingvar Kamprad is like most Swede, he is hard-working, thrifty and has an acute insight.

He believes it is important to have a canteen and an amusing facility where children can play with the colorful balls. Customers would make a wrong decision in an important business because of hunger and bored children. In addition, the canteen is located beside the area of paying and exiting.

Customers can think over what they have chosen. The example of above reflect Ingvar Kamprad has an acute sense of business, it is a goal to make sure everyone shopping in IKEA feel happy and relax. The brand color of IKEA is yellow and blue, the same as the Swedish flag.

Delivering information to show the products in IKEA is reliable and clean. In the IKEA furniture demonstration center, there are diverse of furniture, kitchenware and lamps. Whatever kind of furniture, from foreign countries, which customer want, they can find in IKEA FAMILY. IKEA become well-known all over the world. The IKEA Group will open another twenty one companies in August, 2008. There are two hundred and fifty three of IKEA FAMILYs over the world and five hundred and sixty five millions of visitors. The sales volume grow up to one point four billion Euro from 2007 to 2008. Low price and good quality” is the most important thing to IKEA. Low price is not equal to poor quality, on the contrary, quality show the valuable brand. “ A Swedish laboratory support the testing result, IKEA’s furniture is more durable than any other more expensive furniture. After turn over fifty-five thousand times in a machine, IKEA’s chair called Ogla is intact (sell thirty three Koruna), but the more expensive chair called Thonet is broken (sell one hundred and sixty eight Koruna)” (Albercht Rothacher 2004; Xiaoxu Li 2006, quoted in Corporate Cultures and Global Brands, p. 70).

IKEA always put their furniture through rigorous testing to make sure it can stand up to just about anything. Another special thing is the tag, interior furnishing shop always issue a warning “ Do not sit the sample”. The customers will feel indifferent and think the shop is deficient confidence. In IKEA FAMILY, the tag “ Read more details” always remind customers, that <https://assignbuster.com/ikea-guide-a-new-generation-life-style-assignment/>

shows the purchase guide, maintenance method and price. Customers can do it themselves, even though there seem not enough sales. It is the result for the brand ??? IKEA, which attract so many people from all over the world.

For example, the “ seasonal quilt” tag is writing, “ seasonal quilt is three in one ?????? one is for summer and the other one is for spring and autumn. Putting them together, it use for winter. Inside materials are sixty five percent plume and thirty five percent feather. Cover is one hundred percent cotton. It can be washed in sixty degree water and dry- cleaned. ” IKEA FAMILY also emerge its special ability, assembling the products into string model room. When customers are walking in the IKEA, although its sitting-room, bed-room and office are not big enough, but the customers feel freely, warm and clean in it.

They also have a strong sense to possess. On the opposite to the bus station, IKEA Guangzhou located in Lin He Zhong Road, Tian He District, which is the most prosperous in Guangzhou. It is different from other domestic furniture center which has many independent shops. There are three floors, basement is the market hall, the first floor is the self- service and the second floor is showroom. When visitors are sitting or lying on the products, no one would interrupt. All of that, it has the charm that everyone want to touch it.

Anybody can make a good-quality product for a high price, or a poor-quality product for a low price. But to make good products at low prices, IKEA need to develop methods that are both cost-efficient and innovative. IKEA is constantly trying to do everything a little better, a litter simpler, more efficiently and always cost-effectively. All the IKEA unites play an important

part in creating low prices which it can able to offer to its customers, so the designers' main concern is to create the price tag first. Everyone want to possess a good-quality and cost-efficient furniture to decorate their houses.

It is also the idea at the heart of everything IKEA does, from product development and purchases to how it sells the product in IKEA stores globally, that is owing to IKEA organizing culture. The same as other companies, Ingvar Kamprad is not willing to list his company in the stock market. He thinks that shareholders would intend to consider short-term profit, not the long-term development for company. If have a public listing in the stock market, there would be many abroad shareholders leading to existing operation pattern changed. Furthermore, cost of listing is huge, IKEA have to spare one-third profit to shareholders.

In this way, it's impossible to accumulate enough capital to making audacious decisions. At the beginning of IKEA, curtailing expenditures and emphasizing cost is a great help for company. Until now, it becomes a necessary part in managerial policy. It proved in many aspects, such as procurement, delivery, marketing and employment. Looking for cheaper labor force in cheaper places has become a symbolic strategy in IKEA. In Euro-American countries, the average Consumer Price Index (CPI) is higher than other developing countries. The most important is the expenditure of raw materials, delivery and employee is lower than developed countries.

Ingvar Kamprad get the chance and turn to developing countries as purchase market. India, China, Poland and so on, China is the main purchase market, because it holds twenty one percent, and The biggest sales market is

Germany. Thus, IKEA can earn a difference from Asia to Europe. Further, it cut off a huge cost to develop. There is a problem that how to popularize the products in a raw material country, such as China. IKEA furniture is flat-packaged. To deliver a product cost approximately six times as much as for one to buy a product and assemble it themselves.

Each employee in IKEA has a same idea: " It's necessary to pay for air". In order to reduce delivery cost, IKEA have to design their products time to time. For example, a pat only put in eight hundred and sixty four cups at first, but after redesign, it can put in two thousand and twenty four cups, furthermore, it charges the same price. So when people are shopping, they would choose flat-packaged delivery to cut off cost. IKEA helps customers to decorate their home with beautiful furniture. Nowadays, many young couples, single persons and students live in small room because of the raising housing price and the new trend.

They live in small pace so that they can feel warmer and more comfortable, most important is they can afford this live style. So IKEA let the furniture save space to satisfy customers' demands. The designer will design the furniture to save space as much as possible. Most customers are young couples and single persons, most of them are not very rich, but they like to buy fashionable things, so IKEA would satisfy their need. IKEA indeed has low prices, but some Chinese do not think the price is very cheap. As raw material export country, much furniture in China is cheaper than IKEA's.

For example, there is a furniture centre in Foshan, the price of the furniture is unimaginable cheap. Furthermore, the quality is very good, because the

furniture will export to other countries. There is also a questionnaire to know about the customers' ideas. In this questionnaire, foreigners and Chinese have different views. Foreigners think that the price in IKEA is cheap or reasonable, they love to shop in there about twice a month. Most Chinese consider the price is a little expensive for them, although the things on sale. In addition, the Chinese customers think that more expensive is the delivery and assemble expense.

The delivery and assemble expense in IKEA is according to the price of furniture the customers bought. More furniture shopper bought, they need to pay more money. Delivery service and assembly service in IKEA are charged an extra charge, according to the furniture value, distance and time. For example, the delivery service charges the least cost between the furniture values is five thousand or higher than fifty thousand. The maximum charge of delivery service is the furniture value between five thousand and one and fifty thousand. The least value of furniture charge the highest assembly cost.

In China, other furniture centre take the same standard cost, including delivery and assembly expenditure, whatever how much furniture customers bought. It is convenient and less mistake to compute the price in delivery and assembly. Moreover, the furniture in IKEA is fashion but not valuable for Chinese. In China, people like solid wood furniture, because other types of furniture would become mildewed in moist weather. Most kinds of furniture in IKEA is painted wood, which is cheaper than solid wood and lead the fashion, but not suitable for the weather.

Furthermore, many furniture centre sold solid wood furniture much cheaper than IKEA, so that people would choose a cheaper one. The sofas in IKEA are made from cloth in order to reduce the cost and convenient to customers. Young customers will follow this fashion, but middle-age customers are not, who like the sofa with leather instead. As a result, IKEA attract many young people who pursue fashion and can afford cheaper furniture. IKEA change a new generation life style. Although IKEA has changed many people's life style and has led the fashion of the housing decoration.

However, in the main raw material country, IKEA how to take the biggest portion in the market, lower price is important and necessary and know the different shoppers' custom. In a word, IKEA indeed change a new Chinese generation life style, smaller space designing become another decoration style. Nowadays, people would know which furniture design is IKEA style and which is not. That is the secret to IKEA success. Bibliography Gan yaping Xie wenhui, (2004), Excellent Marketing-Multinational corporation ten top marketing patterns, China, China Time Economical Press.

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