

Ikea company and its international retailer selling

Business



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History

IKEA is a privately owned international retailer selling flat-pack furniture, accessories, and kitchen and bathroom items. The origin of the IKEA concept can be traced back to the time when Ingvar Kamprad, an entrepreneur in Sweden whose idea was to create furniture which would be of good function to cater to the needs of the people who struggle hard to make a living and are used to living a frugal living. As per the description of Reader's Digest, the furniture of IKEA is designed to withstand such treatments which are much tougher than regular life (Webster, "Ikea: A Survivor's Tale").

Internal Environment

The analysis of internal environment would include strengths and weaknesses of the company. The strength of the company lies in its expert marketing abilities and also its location. These are the two aspects which add to the value of the company's products. It is also a strong global brand attracting key groups of consumers. The company's scale and size of the company's business could make it hard to impose quality standards and <https://assignbuster.com/ikea-company-and-its-international-retailer-selling/>

maintain quality issues. Moreover some of the countries making IKEA products also do not implement proper working environment legislations. These could account for company's weaknesses (The Times, " Weaknesses and threats").

External Environment

Some of the key opportunities which IKEA tries to take advantage of are a consistently increasing in demand for greener products. Also the demand for low priced products remains high. Also the present financial conditions in the economy across the world predict a gradual decline in consumer's preference for expensive products. Also there is high demand for low water usage and low carbon footprints (The Times, " Weaknesses and threats").

SWOT analysis

The company must design a business strategy which would be socially and economically conscious. Thus it would be based on the present market conditions. It is true that the present financial conditions are favorable towards production of low priced products but soon the situation are likely to improve and this would consequently changes people's tastes and preferences as well. This means that the company must design a strategy which would be adaptive to the surrounding environment if it seeks to avoid losses due to change of tastes and fashion.

Corporate-Level Strategy

Going by the existing opportunities and threats facing the company, IKEA strives to develop an environmental and sustainability plan which is central to its business strategy. The plan seeks to continue operations till 2015 and includes social, economic and environmental issues. One of the key business strategies includes production of stylish and enduring furniture at low prices <https://assignbuster.com/ikea-company-and-its-international-retailer-selling/>

going by the excess demand for low priced products among people because of the ongoing poor economic and financial conditions.

Business-Level Strategy

This would include extensive use of technology and IT infrastructure which make the products costs effective and the company competitive in the market. An efficient system of ordering from the suppliers, integration into products and delivering to the stores are some of the primary requisites.

Structure and Control

The global presence of the company requires recruitment of right candidates who are quality conscious and aware of the economic and social demands. Working conditions, products and operations are standardized in all stores are made uniform and the subsidiary units are given greater authority and ownership to cater to the individual's demands in those regions.

Recommendations

It is recommended that instead of developing a universal strategy the company must allow subsidiary units to design strategies of their own to cater to their individual market conditions. The same strategy would be effective in all locations of the world which would hamper its progress.

References

The Times. Weaknesses and threats. 2009. SWOT analysis and sustainable business planning. July 7, 2011. < <http://www.ices-study.org/WhatIsEntrepreneurship/CaseStudies/%28case%20study%29%20ikea.pdf>>.

Webster, S. Ikea: A Survivor's Tale. 2010. Health Smart. July 7, 2011. < <http://www.readersdigest.com.au/ikea-a-survivors-tale>>.

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