

Ikea internal analysis essay



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The internal analysis of the world's largest furniture retailer requires us to look at Ikea's Reputational resources, Relationship resources, Cultural Resources and Human Resources. Though these resources don't have an absolute economic value like tangible resources that the company has, they are critical for the long-term success or failure of the firm.

The main Intangible Resources of the company are:

* Reputational Resources- Ikea is the market leader in its industry. Ikea products are seen as being inexpensive yet stylish. The " Swedish mystique" that its stores have surrounding them are due to the fact that the company makes the most of it's brand perception outside its country of origin This reputation however is now under fire due to falling consumer perceptions of the brand in America because of the company's recent PR blunders.

Environmental activists have long targeted the company for its use of cheap particleboard and excessive packaging needed for its DIY furniture. However amidst all this controversy the company still figures in the top ten of the most meaningful brands list of many countries such as Germany, Spain, etc.

* Relationship Resources- Ikea maintains an excellent relationship with its customers both inside and outside its stores due to diligent staff and family friendly brand image. Ikea has strong relationships with IT firms, marketing firms, suppliers and interior designers in the regions it operates it. This helps them gain a competitive advantage over its competitors.

* Cultural resource- Ikea has a strong organizational culture that is even seen in its training and recruitment practices. A lesser-known fact about Ikea is that it is a " not for profit" company where the profits have to be

reinvested back into the company and its social projects. This is what the founder, Ingvar Kamprad stood for. The company culture of “ frugality” helps keep the company on track and even tide over periods of recession. The cost sensitive, service oriented company culture helps the brand connect with millions of customers in the 44 countries in which it operates.

* Human resources- Ikea believes that- “ It’s the people who make the company”. The 120, 000 people who work at Ikea had to cater to 522 million people who visited Ikea stores in 2012. The employees at Ikea are well trained and each employee has an AODA Customer Service Standard Manual that tells them about policies and procedures while dealing with a customer. Such a large pool of talented people working at Ikea gives it a huge edge over competitors such as Seamens, John Lewis, Argos, etc.