

# Business research: ikea

Business



## Introduction

Research in business is an important tool for getting information necessary to solve problems and make business decisions. Business research is often applied research, meaning that it has a specific purpose of generation of information that will be used for practical purposes. Research in business is different from scholarly research in the sense that it is extremely time-bound. It means that information needs to be gathered as soon as possible within the stated time limits to avoid getting information today that was needed weeks ago.

In addition, research may need to be conducted because of changes in the business environment, making the solutions of yesterday no longer useful today (Farr and Tim, 1994). Research also needs to have limits of cost applied, these means that the research will most likely increase in cost both in terms of time and cash as the value of the decision for which the research is needed increases (Farr and Tim, 1994). A million dollar problem requires a large research budget while a smaller problem will require a smaller budget.

IKEA is an organization which uses research to gather information on its market. The goal of this research is to discover ways in which the company can make improvements on their products. Some of the research methods used by the company include interviews and surveys. IKEA however does not conduct the research itself, rather it contracts a research firm to do it for them.

IKEA, however has in its website, forms that customers can fill if they wish to be contacted by the research firm. To begin with, this form is helpful in the

sense that IKEA can get an idea of how many customers actually visit their website. This is important because it is an indication of the potential market size for IKEA. In addition, on the form IKEA asks how long ago a customer bought a kitchen from them.

This is also necessary because it keeps the company informed on whether they have created repeat customers or not. Often, those who take the time to fill the form have bought a kitchen from IKEA. After the research is complete, analysis of the results follows and the results are then communicated to IKEA.

Most of the market research carried out by IKEA utilizes primary methods of research. Primary methods of research involves getting information first hand rather than relying on data that had been collected by someone else and then compiled. They include surveys, interviews, questionnaires and observation (Farr and Tim, 1994). Though secondary methods are cheaper, the use of primary methods is more appropriate for IKEA due to the nature of IKEA's products.

The products are different from other furniture items because most of them require the customer to assemble them for themselves. As there are no other players in the industry with this kind of product it makes sense that information be collected directly from the customers. This information is necessary to help IKEA know how to fine tune their products.

Market research at IKEA does not only target customers, rather it also seeks to collect information about the competitors and the market in general. This information about the competition and market is especially important when

IKEA is venturing into a new market, for example when they were entering the American market for the first time. Surveys were conducted to determine which parts of the population would buy IKEA products. Some of the questions that the survey sought to answer were, who the customers were, where the customers could be found, what quality and quantity of furniture they wanted and when the best time for selling was.

This last question was important as depending on the answer, IKEA could make its entrance into the market and make high sales so as to cover the initial costs of operation. This population was identified based on such variables as income level, gender, location and age.

A survey of the competitors had indicated that while there were several companies that made furniture, IKEA would be the major player in making furniture that customers could buy cheaply and later assemble for themselves. Once the population had been identified IKEA then started advertising with an aim of reaching the identified population. This worked and the sales of IKEA products in IKEA started off well and with time, most people were aware of IKEA products.

IKEA also conducts research through questionnaires to determine the level of customer satisfaction especially with the customer service. Since most of the furniture is sold unassembled, it is necessary that IKEA sell off this concept to all the customers who walk in to an IKEA store. This can only be achieved if the customer service is good enough to inspire people to go to the IKEA stores. Often, good customer service is usually spoken about by customers and passed on by word of mouth. The customers who come to the stores are

usually requested to fill in questionnaires when they have completed a purchase.

The information is then analysed and used to identify problems that have been detected in customer service. Afterwards, ways of improving customer service are sought and applied. Sometimes the questionnaires are a form of evaluation whether certain changes that IKEA has made have been beneficial to the customer in the sense of reducing such things as waiting time and increasing the efficiency with which they were served.

IKEA's approach to research is that it is a tool for improving business. Though IKEA uses research more commonly than most organisation's it could also benefit from additional research especially in the area of its human resource. The staff at IKEA are mainly in two groups; those involved in production such as the designers and those involved in the actual construction of the furniture. The second group is made up of those involved in the business end of the organisation such as the salespeople, the accountants and their managers.

Since the human resource is the most valuable asset in any company, research on how best to improve employee output and motivation is necessary. Often, there are workshops on teamwork but these are poorly attended. In addition, the staff are not really aware of how they can move up from their positions or change to a different department. For instance, if an employee in production felt that they could do a sales job, they do not know how to go about this change.

This creates dissatisfaction and hence poor motivation. Research would identify these issues among the employees and perhaps even more issues. Once identified, the problems can begin to be addressed and effectively result in a more motivated workforce and even more efficiency and profitability at IKEA.

Another area that might need more research is the organizational structure of the company. This is somewhat tied to the issue of employee motivation. Most employees are aware that the company started as a family owned business that aimed at selling cheap and functional furniture to customers. Beyond that not much is known. The organisation's goals, vision and objectives need to be articulated to the employees. This is so that they can work to achieve those goals. Most employees work to make a sale and the others to ensure a finished product.

Greater commitment is possible when the employees have felt that the the company's goals are achievable and have therefore developed a sense of ownership of the vision and objectives. Research is necessary to find out what the employees know and their feelings towards the organisation's goals. From this information a proactive approach can be used to communicate the organisation structure, philosophy and goals to the employees leading again to more motivated workers who are aware of the inner workings of their organisation.

#### References

Farr RC and Timm PR, 1994, *Business Research: An Informal Guide* ,

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