

# Ikea case (qanda) essay



**ASSIGN  
BUSTER**

Introduction to International Business IKEA-Case 30-09-2011 Questions and answers

1. What are the core competencies and end products of IKEA? How are they linked with each other? The core competencies of IKEA, these are the things where IKEA is good at, are producing low-cost products and still adapting to the local circumstances. That means that IKEA tries to adapt to local requirements in every new country, while trying to retain its low-cost strategy. This objective caused serious challenges for IKEA in a number of countries, where a full replication of its success formula would make IKEA stores too costly for the Poles. . How did IKEA diversify? IKEA diversify in both product variety and geographic expansion. In case of the product variety, they do not only sell furniture for one specific part of the house. They have a variety of all products for use throughout the home. Next to in-house furniture, they have kitchen products and child-friendly products. The geographic expansion is also not a small part of IKEA. IKEA expanded from Sweden to sixteen other countries by 2004. In this expansion, IKEA tries to use the same products and the same operation formulae. 3. How did IKEA expand internationally?

How has the firm maintained focus on core competencies while simultaneously adapting to local needs in host countries? IKEA started to expand internationally in 1963, opening its first international store in Norway. In the 1960's and 1970's, it focused on the European market, entering Denmark, Switzerland, Germany, Austria and the Netherlands. It also opened stores in Australia and Canada. In the 1990's and the early twenty-first century, IKEA continues at opening stores in Hungary, Poland,

the Czech Republic, the United Arab Emirates, Spain, China, Russia and Poland.

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IKEA used their core competencies to penetrate their new host countries. However, in some host countries it had to adapt to the local requirements of the market. It is still focusing on its low-cost strategy, but in some host countries it has proven not to be enough. For instance, in some countries IKEA is still found to be for the upper-class of the society. In china, the assembly of your own furniture is not popular. IKEA tries to adapt to these differences and still focuses on the low cost strategy, to maximize its revenues. 4.

Can you provide an update on IKEA's core competencies, using materials available on the web? The most important core competency of IKEA is its aim to sell products at the lowest cost possible. An article of the BBC supports this in a way that it shows the cutting in costs while focusing on the environment. Delivering environmental friendly products is becoming one of the core competencies of IKEA. For example, IKEA sells sustainable future that is either affordable and has an positive influence on the environment.

----- [ 1 ]. <http://news.bbc.co.uk/2/hi/business/6743133.stm>