

Channel distribution of ikea



**ASSIGN
BUSTER**

Introduction IKEA is a privately-held, international home products retailer that sells flat pack furniture, accessories, and bathroom and kitchen items in their retail stores around the world.

The company, which pioneered flat-pack design furniture at affordable prices, is now the world's largest furniture manufacturer. IKEA was founded in 1943 by Ingvar Kamprad in Sweden and it is owned by a Dutch-registered foundation controlled by the Kamprad family. IKEA is an acronym comprising the initials of the founder's name (Ingvar Kamprad), the farm where he grew up (Elmtaryd), and his home county.

The company distributes its products through its retail outlets.

The chain has 315 stores in 36 countries, most of them in Europe, the United States, Canada, Asia and Australia. 2006 saw the opening of 16 new stores. A total of at least 30 openings or relocations are planned for 2008. IKEA is one of the few store chains to have locations both in Israel and in other Middle Eastern nations. Germany, with 43 stores, is IKEA's biggest market, followed by the United States, with 34. IKEA now has 293 stores in 36 countries.

However, the company has thus far not shown much of a presence in the developing countries. The segmentation base

Segmentation base allow IKEA to recognize their target customer and attract their potential buyers. The segmentation of IKEA is classified into four which are demographic, geographic, and physiographic and behavioral. For the demographic segmentation, the main objective of IKEA is to produce high

quality products at a low price. So they need to know more about customer background, age, gender and their behaviors as well so they can determine more about their future buyer and attitude or choice they wanted to buy certain product at IKEA thus demographic segmentation is really important for the company to move forward.

Segmentation factors included age between 22 to 55 years and considered of annual household monthly income between RM2K to RM10k or more. IKEA Geographic's strategic planning is unique because the company has target the place that had a lot of high end user and near household area for example IKEA in The Curve Damansara Utama near 1 Utama shopping centre so IKEA are smart on planning in which place they want to open their shop because the company do not simple open they shop without any advantage to them.

A free shuttle bus service is available to and from Kelana Jaya LRT Station and IKANO Power Centre. Parking is always bright, friendly and free, at the IKEA store.

Customers can get parking ticket validated at the check-outs when making their purchases. The psychographic characteristics of IKEA affect not only advertising copy but also packaging such as discount for certain furniture and low loan interest rate when purchase product .

Psychographic data can be gathered firsthand through personal interviews, focus group interviews, or questionnaires, or purchased from research IKEA companies in the form of list overlays for direct marketers or market profiles for general marketers. These surveys include people's lifestyles and

behaviors where they like to vacation, the kinds of interests they have, the values they hold, and how they behave. By this way, IKEA will know more audience's characteristics of the media and how to handle them perfectly.

Different group of consumers has different kind of choices based on their lifestyle, buying behavior, pattern and spending money but IKEA Malaysia can fulfill all the consumer needs because IKEA mission is to offer a wide range of home furnishing items of good design and function, excellent quality and durability, at prices so low that the majority of people can afford to buy them.

The company targets the customer who is looking for value and is willing to do a little bit of work serving them, transporting the items home and assembling the furniture for a better price.

Besides that, IKEA often offers promotion during New Year and year end promotion, for example big sales on 26 February to 22 March 2009. The Targeting strategy Malaysia economy is a mixture of traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and the multitude of support services. So, most of people live in small towns and do not earn much. But IKEA is interested in those, who live in cities and towns, so, it is better to set IKEA shops first, in the capital, Kuala Lumpur.

It has sense to set up a shop not far from at least one of these main shopping areas.

Or, it could be set not far from the centre in one of those areas, where most of houses are situated, and then in the biggest cities in states with the highs

level of urbanization, Therefore can easily attract customer to come and visit the store. Customer are well aware about the product that sell in IKEA Malaysia because they did buy the product before and even heard from other source such as their friend, internet, and advertisement .

Customer that bought IKEA product normally prefer repeated purchase rather than reject to buy the product from IKEA because IKEA provide quality at the lower price and has much more option for the customer to choose which product they want. Customer that visited IKEA are mostly like users and regulars users because future customer interest on buying some product and the need of the product lead them to come to the store because they know IKEA store can provide the best environment for them to search the product.

To facilitate shopping, IKEA provides catalogs, tape measures, shopping lists and pencils for writing notes and measurements.

Effective marketing through catalogues usually attracts the customer at first, what keeps them coming back is good service. These catalogues are available in any IKEA store (prices are guaranteed not to increase while the catalogue is valid, which is again attracting consumers). The positioning strategy IKEA prices are as much as thirty percent to fifty percent, certainly at least twenty to thirty percent, below those of fully assembled competing products. The exact level of undercutting varies from country to country and from period to period.

There are also BTIs, ' breathtaking items', which have a very low price. Low costs are translated into low prices as IKEA pursues a deliberate price

leadership strategy. For example, IKEA does not deliver, although it will organize delivery at the purchaser's cost, if it is needed. At a cost it will even organize assembly for the customer.

One of the best-known features of IKEA is its catalogue. It is itself well designed, almost a collector's item. This catalogue has become something of a design icon, rather like the London underground map or the Coca-Cola bottle.

It is the main mechanism of advertising. Promotion is centered on this catalogue. The aim of the company is to use the catalogues to promote innovative approaches, which are then talked about and publicity generated by word of mouth initiated by those who have seen the catalogue.

The catalogue also helps the consumer to find the relevant product before entry into the store. The next positioning strategy of IKEA is colorful and attractive nature of the retail outlets, where the furnishings are set out as they would be in actual homes.

The usual approach to selling furniture is to have multiple versions of the same product in the same room, such as beds, lounge suites, or tables. Such an unnatural setting creates problems of choice for the customer. Such a situation often requires the shop assistant's assistance in enabling the purchaser to imagine the item in a natural setting. In IKEA by contrast there is not very much direct service; the stores have the do-it-yourself style of the supermarket.

Beside that, IKEA also provide special care for the children.

There is a nursing area in IKEA restaurant where parents can attend to the needs of their little ones. Children are the most important people in the world to us. At the IKEA store, they provide an array of services to ensure that the kids have an imaginative and fun-filled shopping experience.

The supervised playroom, Smaland, is always a big hit with the children. There is also a video area next to the ballroom where well-loved cartoon classics are screened. With these facilities, customers can shop without worry the little ones.

The attributes of the product offered by IKEA differ markedly from those of other retailers. Instant accessibility, customer participation in value-adding, the combination of low cost and high quality - all mark the product out as unique and therefore as carrying a competitive advantage, one which is continuously renewed as products are improved and renovated. IKEA is always ready to innovate.

Recommendation There is only one IKEA retail shop in Malaysia which located at Damansara, the main city of Malaysia.

It is not convenience for the customers which at other states to go to shop. IKEA should have more outlets at all over the country. Beside that, the meal at the restaurant of IKEA is limited.

The foods is more to the traditional Swedish style and might be not suitable and do not match Malaysians' style. The restaurant should come out with more choices so that everyone can enjoy eating while they are tired of

shopping. Some of the products are require self-services by the customers. Sometimes the customers might be mistaken in picking up the products.