

Ikea case writeup essay



**ASSIGN
BUSTER**

Cross-functional teams contribute their knowledge discussing design, materials, and suitable suppliers. KEA maintains long-term relationships with its suppliers and works in tandem during the design phase to introduce new efficiencies during production that are cost effective. Trust is built and maintained and KEA ensures that strict adherence to international human labor laws and regulations are followed by all members of its subsidiary.

KEA also claims to be environmentally aware. Knowing a product's price point and manufacturer, an internal designer for KEA submits a design for production. In an effort to pass savings to its customer KEA "strives to deliver the right number of goods to the right stores at the right time... [making] sure deliveries are efficient." Part of this process is shipping their products flat. Their products come to store disassembled. Flat packaging maximizes the space inside shipping containers and lowers the cost of shipping significantly. Lastly, in-store displays are important.

Lavishly designed model homes guide customers definitively through the store on their way to great purchases. (3) What are additional features of the KEA concept (beyond their design process) that contribute to creating exceptional value for the customer? KEA is extremely frugal when it comes to shipping its product. "Flat" shipping reduces distribution and logistical costs by increasing the volume of product shipped. KEA passes this savings to the customer. Flat packaging means most products are disassembled when they arrive at the store.

Further cost savings are passed on to the customer, as products are self-assembled in the comfort of the customer's home saving on the costs

associated with product assembly. KEA works closely with long-term suppliers during the design phase of a product. Often times this results in cost savings associated with production. Lastly, Kike's stores are deliberately manipulative in a friendly way giving the customer a sense of true value (4)

What would be important criteria for selecting a site for an KEA store?

Logistically, KEA stores should be in close proximity to major modes of transportation or one of its many distribution centers. Kike's distribution centers handle approximately 70% of Kike's total product line. The other 30% of Kike's products travel directly from the supplier to the store. KEA targets people living modestly but who also know the value of having a comfortable place to sit. In this respect, an KEA store would best serve communities densely populated with low to moderate-income individuals, couples, and families. Such as what you may find near major state universities.