

# Ikea case

Business



Kampala; Elementary, the name of their family farm; and Quandary, the name of the village where he grew up. Although Ikea has been generally successful in the past, KEA continued to encounter several problems until the past. Problems such as the changing of the milk trucks route, prohibition of KEA during the Furniture Fair, the rumors about Kike's low-quality products and finally in Stockholm, when they had longer lines and slower customer service. In 1985, KEA opened in Philadelphia, United States. This was to see whether a European retail store such as KEA could succeed in an excessively different market.

The consumers in America had a completely different preference. KEA was then able to solve the problem by redesigning the furniture's, transferred their locations to reduce costs and they priced their products from Kronor to U. S. Dollars. In the past, KEA continued to enter new markets around the globe.

Stores were opened in the Canary Islands, France, Iceland, Saudi Arabia, Belgium, Kuwait, United Kingdom, Hong Kong and Italy. In terms with their business model, Kike's target market is the young, mobile global middle class who are looking for attractively but low priced furniture's.

Although the prices are low, KEA made sure that the quality of its products is not being sacrificed. The groups of companies that form KEA are all controlled by ANGINA Holding, a Dutch corporation, which in turn is controlled by a tax-exempt, not-for-profit Dutch foundation.

As of October 2011, KEA has 332 stores in 38 countries. In fiscal year 2010, it sold \$23.1 billion worth of goods, a 7.7 percent increase over 2009. In mid-

August 2012, the company announced that it will be establishing a chain of 100 economy hotels in Europe.

Culture KEA needs to adapt the culture of country.

In their case, they opened their first store in America in 1985. Unfortunately, the European-style did not appeal to the American culture. Americans had different sheet sizes, chair sizes and the preferences overall. Therefore, KEA have to be always flexible in terms of customer preferences.

This is very important because different culture have different trends and necessities. A traditional design in Rupee might not be attractive in the Asian or Northern American countries. Egalitarianism The company KEA developed a culture of Egalitarianism in their company.

This meaner that they all treat each other equally. Sampan's management style was informal, anarchically, and team based. Egalitarianism has an advantage of having shared equality recognition.

Each individual worker is responsible for personal and team tasks without a chain of authority. This is good for the company because it prevents confusion. In Kike's case, there are no special perks for senior managers and pay is not as high. However, having an Egalitarianism culture has several downfalls. The company will have lack of leadership.

There will eventually be o authority figures to take control.

Low-Cost Products Although the model promotes low prices it has been identified there is an associated low level of customer service which couples

this suggesting there is a need to work on service to ensure a complete shopping experience and ensure repeat business within the existing customer base. Too strong of an emphasis on cost-saving could lead to cutting corners and negatively affecting safety. Therefore, there is a possibility that quality may be sacrificed due to low cost of raw materials. Continuous Growth KEA has rapidly grown for the past 60 years.

Growth may be good but it also has its disadvantages. As the company get bigger, it expands to more and more stores therefore harder to control the standards and quality of its products. Just like what happened in Stockholm, they had so many customers it was hard for them to control their customers. Growing market can lead to poor customer service. Therefore, aggressive growth requires risks. Growing too fast brings financial people's and challenges to maintaining the same level of quality.

Also, as KEA grows bigger and bigger, managing it becomes more complex.

If it keeps growing, KEA must eventually give up some of its direct control and delegate tasks to its other staff. Market Research KEA must research about the market they are about to infiltrate. They should know the culture and preferences of their customers. However, it is expensive to conduct a right-data collection.

Analyzing a market can also be costly. Also, sampling errors can have a big impact on results and eventually lead to bad decisions. The value of any research findings depend critically on the accuracy of data collected. Market research also has its time constraints.

Organizations are often forced to balance the need to build up as detailed a picture as possible regarding customer needs against the desire to make decisions as quickly as possible in order to maintain or improve their position in the market. Apart from time constraints, conducting a research also has its legal and ethical constraints.

It must be made clear as to why data is being collected and the consent of participants must be obtained. On the other hand, conducting market research has its benefits. Through research, KEA can be able to better communicate with their potential clients.

They will be able to know who they are and what they want most. Research can also help KEA identify opportunities. They will have to find out whether there are existing competitors in a certain country.

They need to identify whether their clients are in need of something nobody else is offering. Through research, KEA will be able to minimize risk and create benchmarks that will help their company progress. Improvement of Customer Service KEA has to add more services to enhance customer's experiences such as interior design tutorial and home deliveries.

This option could be costly for KEA as they need to hire skilled interior designers and increase the cost for enhanced home deliveries. Although improving its customer service means higher cost, it is still very vital because good customer service can possibly increase its sales and customer loyalty. It can also enhance its public image.

A positive public image will generate more sales by attracting new customers. Good customer service can also help create a positive working environment. This is because staff who deliver good customer service receive their customers' appreciation and are therefore motivated to offer DOD customer service.

Satisfied customers will lead to more sales from their own repeat business and from the new customers generated by their recommendations.

Production KEA might have to consider in expanding their product line. The company is well-known for its low-cost products.

To be able to reach the other side of the market, they should think of opening up a chain of smaller specialty stores. Although they have this traditional maze layout in their store, not everyone would want to roam around the whole KEA store which is generally big. Opening up specialty stores could sibyl create a higher-end product line that can attract the high-end class.

They also have to think of changing the designs of their furniture's frequently. A lot of customers want to feel special.

Because KEA is not open to customizing, they might have to consider the number of units produced per design. Although customers do of people own exactly the same furniture they purchased. IV. Recommendations KEA should be flexible to adapting cultures. They should be able to understand the preferences and living conditions of their potential customers in a certain country. However KEA their adaptation to products.

They need to make sure that they don't have to greatly increase their cost of new products. In addition, KEA has the need to improve its customer service. As previously mentioned, improved customer service can increase sales and brand loyalty. It also helps provide a better working atmosphere for the employees. In terms of growth, KEA must carefully decide which countries will they be opening stores in.

The company also needs to increase or not, modify their product lines in order to expand their market. People these days want unique and modern designs. They need to be flexible according to trends.

KEA should also continue producing attractive yet smart advertisements that attracts different individuals. IV. Implementation KEA must conduct intensive marketing research to be able to adapt to different cultures across the globe.

In terms of growth, they need to carefully identify cities in which to build its new stores. Marketing should be appealing to their target market such as internet and television ads. They should also have a campaign about having KEA furniture's as the "trend" of the year, having the impression that it is a must to have KEA furniture's as it is the "in" thing.

To improve customer service, KEA must ask feedback from the customers. They also need to hire interior designers that could help customers in choosing furniture's and accessories.

With this, there is an added value. The company needs to review their flow of production. They need to make sure that raw materials are in good quality and the locations of production are not far off from the stores to make sure

costs have not increased and quality has not been sacrificed. Overall, KEA must consider both external and internal environment in order for their company to continuously grow and succeed.