

# [The history of ikeas operations management marketing essay](https://assignbuster.com/the-history-of-ikeas-operations-management-marketing-essay/)

The core operations of IKEA are creating high quality products but provide an affordable price. The highly competitive environment leads to furniture industry attempt to seek a sustainable operation management. The difference between IKEA and other furniture retailer’s operation strategy is they provide added value from suppliers to buyers to attract customers. IKEA is famous for its customized service, for example, the free tape measures and pencils, a special area to supervise children and in-store child-care. IKEA also sell Swedish products and have a restaurant. These extra value make customers prefer to spend longer time to shopping, its cause an operations extend, in other words, based on the middle-class requirement, IKEA apply reasonable operations management method and combine with fashion designs, quality, and affordability together.

## Core operations

There are some activities can be regarded as indicates of IKEA core operations. First of all, the process design means offer effective and efficiency flow for the customers layout, at the same time, the designer of IKEA reduce products cost through flat-packed method. It called product design. Secondly, IKEA always training their employees to motivate them, ensure the staffs in IKEA have self-consciousness to work hard. This operations management way can be definite as job design. The supply network ensures the space can be used fully. IKEA provide deliver service as well, it can improve customers satisfaction and bring more convenience to them. According to the fluctuation of needs, capacity management play a vital role to adjust the supply. There still have other operations to sustain IKEA development, if the organization cannot operate well, the variations of operation will result in bad consequence. That operation management are belonging to the marketing and sales activities. The boundary of IKEA operations can be separated into three parts, the marketing and sales, the service and product development, the last is the operations (Slack, N., Chambers, S. & Johnston, R, 2011).

## 4-V model

IKEA Company operating range has been expanded to the world, and has its own operating characteristics. Generally speaking, IKEA has a very large parking lot, IKEA most of the site near the intersection of the highway, so bring plenty of traffic. In fact, many of IKEA’s design in order to accommodate more products and thus bring more benefits to the IKEA business area, which led to the company is required to pay high local taxes and management fees, while the production of furniture retail providers also need to take into account the cost. As a result, only the good sales and a large number of sales of products can ensure smooth business operations management.

IKEA and other retail furniture stores also sell many kinds of furniture retail products. For example, in addition to the furniture like tables, sofas and cabinets, IKEA will also sell some small pieces of items, kitchen appliances, family items. IKEA’s features are that lots furniture can be split into smaller parts, customers can choose their favorite products with and assembly, thus increasing the diversity of goods to meet customer demand more humanize. For instance, when customers choose bookshelves, they can choose different bookshelves gate according to the preferences of the consumers themselves to combine. Customers to buy good merchandise and checkout some of the furniture from the carton packaging, IKEA will also provide some other packaging ways to protect the goods. IKEA has standardized service processes (Slack, N., Chambers, S. & Johnston, R, 2011). From the selection of merchandise to the end purchase has unified management. At the same time, when customers are not satisfied with the goods purchased, IKEA will provide standardized return.

IKEA will welcome more customers on weekends as most retail enterprises, customer volume will change frequently, but this phenomenon is entirely predictable, so IKEA will deal with the problem, IKEA will hire more employees to service consumers. IKEA’s brand image encourages consumers to self-service so no excessive professionals. Operation management method and compared to traditional retail furniture store, IKEA saves human resources, reduce costs and hire some part-time employees on the weekends.

Finally, the relationship between IKEA and customer unlike other furniture retail enterprises, in order to reduce the cost of hiring, IKEA only set in some specific point or checkout staff to serve consumers. IKEA operations management determines the buying patterns of consumers. Customers choose their favorite products, and measure the furniture style that would be suitable for the home. IKEA each region will have a particular service point to provide professional services to provide customers with technical and professional advice. The rest of the purchase process is completed separately by the consumer from the selection to the cargo on the trolley to the checkout, in fact, the probability is very low, consumers and business contacts. Consequently, compare with the other retail shop, IKEA have more specific training for employees.

## Strategic objectives

## Cost

Staff costs, delivery cost, technology and facilities cost, IKEA’s shop always the warehouse. In terms of price, IKEA using low-cost operation and management mode, is to continue to reduce costs, and thus lower prices, IKEA’s brand image is not only limited in beautifully designed, practical product, but also should allow more consumers can afford, so that the majority of people and not just a small group of people can enjoy a better life. After all, spend much money will be able to meet a few requirements in order to win the trust of consumers. To this end, IKEA put great emphasis on the operation and management of low-cost strategy. The low-cost strategy is IKEA’s core operating strategy, IKEA has unusual meaning. Home furniture, cost control or other operating measures, in the final analysis, are aimed at IKEA low-cost operations management and service.

## Quality

Quality plays a vital role to influence consumers’ satisfaction and dissatisfaction. If the quality of IKEA can be guaranteed, it doesn’t need extra time to make up for the mistakes, at the meantime, the improvement of quality can increase productivity and lead to dependability. For IKEA, quality could mean the products is reliable, the IKEA store is clean and tidy. The service staffs are friendly and helpful (Slack, N., Chambers, S. & Johnston, R, 2011).

## Dependability

IKEA aims to keep customers fully informed of how and when they will get the product you have chosen to buy. Customers are aware of what can and cannot pick up at the store, how they have to ask, how long will it take to arrive and the delivery options or collection with when available. In this way both parties are clear about your expectations and feedback to others. IKEA provide on-time staff service to the customers who need to help, and keeping to reasonable queue times. IKEA also offer constant availability of parking, on-time delivery makes customers believe that IKEA can be trusted.

## Flexibility

IKEA aims to keep its customers fully informed of how and when they will get the product they have chosen to purchase. Customers are made aware of what they can and cannot pick up in store, how they need to order it, how long it will take to arrive and the delivery or collection options they have when it is available. By doing this both parties are clear on their expectations and comments to one another (Lowson, R , 2002).

## Speed

For IKEA, the time between the consumer requiring a product and finding the correct position is belong to the speed management, the time to deliver furniture from warehouse to customers’ house. IKEA wants the customers can directly pay the removal of the goods in a short time. IKEA store design take a minimalist strategy to design the shop, so that consumers can complete the shopping process within the shortest possible time, of course, will provide a good service.

## Input-transformation-output

Output

Customers’ satisfaction

Flat packs/assembled furniture taken to customer home

Input resources

Transformed resources

Raw materials

All items of furniture/ home ware: small basket items; flat pack items in the self-service warehouse; special items

Customers

The transformation process

Transforming Resources

- Visual displays

- Warehouses

- Trolleys and equipment

- Checkout equipment

- Customers

- Check out staff

- Staff on information points

The raw materials belong to the primary sectors. It is extracts or develops natural resources such as timber, agriculture, minerals or oil. The secondary sector is the manufacturing, it makes use of extracted primary materials to build, manufacture or develop finished goods. The distribution and retailer belong to the tertiary sector. They provide the services needed to meet the needs of the end users, for example through retailing, distribution, insurance and customer services (Lowson, R , 2002).

IKEA internal suppliers are divided into three levels. With IKEA first class to be able to grow together, and fully support the concept of IKEA, have years of cooperative enterprise. The second category is some business ability to reach IKEA requirements, but enterprises are willing to enhance their own quality goods or services together with IKEA. The third category is has its own philosophy, and IKEA larger gap, also cannot rise. As some suppliers can only achieve the ultimate price, could not improve on the quality.

Many IKEA products are low value but high volume products. Transport costs are a lot of products, which makes it important or companies reduce the cost of transportation, handling and storage, IKEA has determined the total cost of a lot of low-value products, many use the space due to excessive packaging design load cell. Large products are full of air, and therefore have a lot of unnecessary space during transport and storage. The products always have a different weight and size in order to fill the transport unit. Promote the suppliers involved in the development in some cases, the production process has proven to be more expensive. Respect the original price of the product, although investment. Need to make a new packaging technology. The development of packaging can ensure that the air as small as possible to keep the package as possible.