

International market operations: ikea case study

Business



The business had gain massive success in the domestic market for the since opening and the key to its achievements is Samara's leadership, He not only had the vision for the furniture industry, market's situation, and enthusiasm for business, but Kampa also played an important role in managing the company's resources, turned it into capabilities and prove Kike's distinctive core competencies. Example for that can be Kike's leap on the furniture retail industry: more affordable products to target the large amount of customer, showroom and store's concept, better customer experience..

Kike's strategy and business model was also the company's source of success. SKIES prioritize the need of customer, in which price and product range are the first when it comes to satisfy customer demand, following by KEA store, catalogue...

Marketing strategy was also totally different from other market player at that time, with free and comprehensive catalogues, KEA was able to introduce customer with a new shopping experience. Kike's simple objectives were also needed for its growth.

KEA stated that low costs in all operations are prerequisites for the lowest prices. Low prices give big volumes in sales and long-term profits for KEA. How was KEA able to apply this source of success to the international markets when his industry is clearly domestic? At the moment when the domestic market was already saturated and demand for furniture had decreased, Kike's business model haven't been widely accepted by

competitors' in the industry, and similar situation at the international market also created the opportunities for KEA to expand over neighbor area.

Several stores were opened In Scandinavian region In just less than a decade.

Taking over the market share at that market, KEA was able to create a reputation throughout the European area, this certainly cleared a path for its further expansion. The furniture industry at the other European countries was stagnant and sluggish in reacting to the Kike's fresh breeze In addition to that, with the established partnership with suppliers in central Europe area, KEA was able to bring to the market the most suitable solution for consumer's need.

Because of the company had already familiarized with the suppliers network and market needs, establishing the business at the European market will not be a difficult task. Similar practice was used when KEA tried to gain its position in other continent market. Stores tried to keep stock low, cost cutting (packaging > less human cost, smaller stock keeping unit..

.) How was KEA able to manage this complex strategy in a variety of national markets in a period of rapid expansion?

As a global company with amazing growth rate, KEA was able to manage its business firstly by Angina Samara's leadership. Because of company's operating area was relatively large, along with comprehensive product range, KEA tried to keep processes as simple as possible in order to achieve a lean flow of material and processes from resources to production. As stated

in its “ Testament of a Furniture Dealer”, simplicity is a virtue, the more complicated the strategy is, the higher the failing risks for a business.

KEA goal was to build the same solid base block as number one criteria in every functioning area of the company, and make slight customization in different process/market/product.

.. Simplicity does not only help the company manage through the toughness of the business and the complexity of evolving market, it also stated KEA solid position by defining the image of KEA in Sweden, and “ Swedish” in international market. What role did Angina Kampala play in the company’s success?

Being the company founder, Angina Kampala was the one who brought the vision, which was still Kike’s direction from the beginning until present. With passion and devotion to his own child and the society, Kampala not only made KEA become the market leader in furniture retailing industry, but also help improving living quality of the majority of population Secondly, Kampala was the manager of ‘ KEA, who operated its business and consolidated the fragmented market, outlined its strategy.

His motto was always being simple and that was applied to every aspect of Kike’s operation, which visible success had been observed.

Angina was also the leader of ‘ KEA, company’s highest role model and his characteristic also defined Kike’s image. Samara’s motto when it comes to leading was always to be an example for his followers. Motivating his employees was his will; Kampala showed concerned to employee’s

motivation and working condition when the firm's operating scope got too large, he was not be able to spread his enthusiasm wrought every corner of the company.

What risks and challenges do you see in Kike's future? Going global means more risks and challenges will come in KEA developing path. Being a market leader with high market share and massive sale revenue, KEA also has large operating scope.

This helps the firm achieve high position and profit but also arises higher risks and challenges. Firstly is in managing its operation in the global context. Employing a large number of employee means more difficult to accomplish a standard level in every area.

Although company's culture and image were established and maintained for a long period of time, but working in different area of the world made its "Swedish" traits less effective throughout time, thus Samara's influence toward oversea offices is weaker. In addition, large market with a diversity range of need and taste is becoming the main challenge for ' KEA. There is a need to diversify the product range to meet customer need and preference, plus a more adaptive strategy toward different market.