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Introduction

IKEA is a home-furnishing retailer operating in the world and is credited with cheap and flat-pack furniture and a business approach that is environmentally focused (IKEA, 2024). With the shift in the global tastes towards modern, space saving and value oriented products, the emerging markets have also become very crucial to the long-term development of IKEA (World Bank, 2024a). The growth of Bangladesh is very promising because of its stable economic growth, urbanisation and increasing middle-income movement. These trends have greatly demanded branded, functional and affordable furniture which is very much aligned to the strength of IKEA (Ingka Group, 2024).

This report will assess the strategic viability of IKEA expanding into Bangladeshi market by examining some of the major forces that are external and internal. PESTLE, Porters Five Forces, SWOT, Value Chain and VRIO are tools that are employed to evaluate the attractiveness of the market, the competitive environment and organisational capabilities. The report then formulates appropriate strategies using Ansoff Matrix, Porters Generic Strategies and market entry strategies. Lastly, the evaluation of performance based on the Balanced Scorecard and Triple Bottom Line guarantees long-term and harmonised strategic focus.

Section 1: Selection of Organisation and Target Market

1.1 The Chosen Organisation – IKEA

IKEA is one of the top retailers of home-furnishing in the world and is known for its flat-pack furniture, affordability, and sustainability-oriented business model. The company operates through a global franchise system led by Inter IKEA Systems B.V., while most global retail stores are operated by the Ingka Group.

In the post-pandemic period, the Ingka Group Annual Summary and Sustainability Report FY2024 states that the company continued investing in affordability, supply-chain optimisation, and omnichannel retailing (Ingka Group, 2024). The FY2024

statistics also show high growth in online orders, fulfilment services, and online shopping platforms (Ingka Group, 2024).

Figure: IKEA Head Office

Source: (IKEA, 2024)

IKEA's competitive identity is further reinforced through its global sustainability strategy. Initiatives highlighted in the IKEA Sustainability Report FY2024 include investments in renewable energy, supplier development, circular design, and actions aimed at making value chains climate-positive (IKEA, 2024). These organisational strengths cost leadership, standardised global operations, and sustainability integration—form a strong platform for expansion into new economies such as Bangladesh.

1.2 Target Market – Bangladesh

Bangladesh is a rapidly developing economy in South Asia. World Bank statistics indicate that GDP growth remains steady due to industrialisation, export performance, and rising domestic consumption, despite global uncertainties (World Bank, 2024a). The country has a young population heavily concentrated in major urban centres. World Bank urbanisation data show that the urban population ratio has consistently increased up to 2024, with large-scale migration to Dhaka, Chattogram, and other emerging cities (World Bank, 2024b).

These trends create strong demand for modern, space-saving, and affordable home-furnishing solutions needs that align closely with IKEA's core value proposition.

The Bangladeshi furniture market has expanded significantly over the past decade. Industry reports estimate it to be worth several billion USD, supported by growing urban housing, commercial real estate development, and increasing export activity. Local media also highlight that Bangladeshi brands such as Hatil and Akhtar have gained substantial domestic and international presence due to competitive labour rates and expanding production capacities (The Business Standard, 2024). Independent research further predicts continued industry growth through 2026 (6Wresearch, 2023).

1.3 Justification for the Decision

There is a strong strategic fit between IKEA and the Bangladeshi market. Bangladesh offers competitive labour and rich raw materials such as textiles, jute, and bamboo creating opportunities for IKEA to reduce cost pressures and enhance supply-chain resilience. IKEA's FY2024 sustainability policies place emphasis on collaboration with suppliers in emerging markets to ensure quality, ethical sourcing, and product innovation (IKEA, 2024), aligning well with Bangladesh's manufacturing potential and government support for sustainable industries.

Bangladesh's growing middle-income population is increasingly demanding affordable, modern, and space-efficient furniture consistent with IKEA's cost-leadership and Scandinavian functional design strategy. Market reports also show rising consumer preference for branded and standardised furniture, reinforcing Bangladesh's attractiveness as a strategic location (The Business Standard, 2024).

Furthermore, Bangladesh's national development agenda emphasises job creation, industrial upgrading, and environmental resilience. IKEA's long-term commitments to renewable energy, sustainable materials, and circular production systems strengthen the company's credibility and acceptance among stakeholders in new markets.

Overall, the economic potential, demographic advantages, supply-chain opportunities, and sustainability alignment make Bangladesh a strategically strong and high-potential market for IKEA's global expansion plans.

Section 2: Comprehensive Strategic Analysis

This section evaluates the macro-environment and competitive landscape of Bangladesh as a potential expansion destination for IKEA. The analysis uses PESTLE, Porter's Five Forces, Porter's Diamond, and Value Chain models. A critical evaluation of each tool's strengths and limitations is also included.

2.1 PESTLE Analysis of Bangladesh

PESTLE analysis is a strategic planning tool that evaluates how Political, Economic, Social, Technological, Legal and Environmental factors affect a business or an organization.

Political Factors

Bangladesh is a politically stable country that has pro-business policies that facilitate foreign direct investment (FDI) and industrial development. Infrastructure modernization, export diversification, and development of the manufacturing sector remain the priorities of the government (World Bank, 2024a).

Figure: PESTLE Analysis

Source: (World Bank, 2024a)

Economic Factors

Bangladesh is still among the rapidly growing South Asian economies. The most recent country indicators show that GDP growth is backed by an increase in domestic consumption and the strong performance of exports (World Bank, 2024a). The middle-income group is growing at a galloping pace, which is increasing the need of the modern and affordable home furnishings. The furniture business in Bangladesh itself is already developing, reaching a multi-billion-dollar valuation and showing good perspectives in the long run (The Business Standard, 2024).

Social Factor

Urbanisation is proceeding at a particularly fast rate and there is a great exodus to Dhaka, Chattogram and new metropolitan capitals. The number of the population in the urban areas has steadily been on the rise (World Bank, 2024b). According to social trends, young urban customers are becoming more preferential to branded, standardised, and space-efficient furniture.

Hofstede's cultural dimensions

The market entry policy of IKEA takes into account the cultural dimensions of Hofstede to gain a better understanding of the social and cultural environment in Bangladesh. These dimensions outline some of the important features of the national culture that determines the consumer behaviour, management practises and organisational interaction. The table below will summarise the cultural characteristics of Bangladesh and how the same impacts IKEA strategies.

Hofstede Dimension	**Bangladesh Cultural Trait**	**Strategic Implication for IKEA**
Power Distance	High – hierarchical structures are common	Implement clear reporting lines and formal organisational structure

Individualism vs Collectivism	Low (Collectivist) – group/family loyalty important	Marketing campaigns should target families and communities
Masculinity vs Femininity	Moderately Feminine – cooperation and quality of life valued	Participative management and employee engagement programs work well
Uncertainty Avoidance	Low to Moderate – openness to new ideas, but guidance needed	Provide clear product instructions and customer support
Long-Term Orientation	High – value durability, savings, future planning	Emphasise sustainable, long-lasting furniture
Indulgence vs Restraint	Low (Restrained) – frugal culture	Offer affordable, value-for-money products

Source: Hofstede Insights (2021)

Technological Factors

The fast digital change has enhanced penetration and uptake of online shopping and e-commerce. Increased use of mobile financial service facilitates hybrid Omni channel retail strategies. The online purchasing behaviour shifting towards online shopping is in line with the robust digital retail expansion by IKEA globally (Ingka Group, 2024).

Legal Factors

Bangladesh has reinforced the business legislation, labour laws and foreign investment laws. The government is concerned with the promotion of Ease of Doing Business, though it is still in its early stages, which allows big international companies to enter (Financial Express, 2024). Nonetheless, the customs on the furniture parts are fairly high.

Environmental Factors

The growing importance of environmental issues, such as waste, and eco-friendly production is of priority. The current environmental policy of Bangladesh is associated

with long-term promises of IKEA regarding the circular design, renewable energy, and responsible sourcing (IKEA, 2024).

PESTLE Critical Reflection

PESTLE gives a general picture of a country and does not have much foresight. Although it charts the external forces, it does not show competitive position and industry structure. That is why it should be supplemented by the tools like Porters Five Forces.

2.2 Porters five forces- Bangladesh furniture industry

Porter's Five Forces is a framework for analyzing the competitive forces within industry, which helps determine its attractiveness and profitability.

Figure: Porter's Five Forces

Source: (The Business Standard, 2024)

Threat of New Entrants- Moderate

Home-grown brands like Hatil and Akhtar are developed brands. Nevertheless, entry obstacles are moderate, as the amount of capital to start a small-scale production is low

(The Business Standard, 2024). The advantages of standardisation and global size of IKEA supply chain are very powerful even amid market fragmentation.

Supplier Bargaining Power- Low to Moderate

Bangladesh boasts of the supply base in wood substitutes, textile and metal parts. Labour costs are competitive and minimise the supplier power. This risk is further reduced by the experience of IKEA in developing suppliers in the emerging markets (IKEA, 2024).

Bargaining Power of Buyers – High

Bangladesh consumers are extremely price-sensitive and substitute products are numerous within their country. Nonetheless, the rising interest in quality and branded furniture leads to the desire to pay (6Wresearch, 2023).

Threat of Substitutes -Moderate

Carpentry services are provided informally and at low costs offering personalised products. However, convenience and durability are forcing urban consumers to move to readymade/modular furniture.

Industry Rivalry – High

There is also a stiff competition with other domestic manufacturers and more and more e-commerce retailers. IKEA needs to make differentiation based on product design, low price and in-store experience.

Critical Reflection Five Forces

This is a model that emphasises on the competitive forces, but presumes a constant market environment. It is a poor manifestation of the high rate of digital change in the Bangladesh retail setting. Therefore, more frameworks are required.

2.3 Internal/Performance Analysis – SWOT (Based on Value Chain & Core Capabilities)

Strengths

- Highly efficient inbound logistics and global supplier network (Ebecilio, 2024)
- Standardised product design and cost-targeting process (Logistics Navigators, 2023)
- Economies of scale enabling cost leadership
- Strong global brand and sustainability reputation (IKEA, 2024)
- Advanced omnichannel retail systems (Ingka Group, 2024)

Weaknesses

- Limited local knowledge of Bangladeshi consumer behaviour
- Self-assembly model may meet initial resistance
- Dependence on global supply chains for key components

Opportunities

- Growing middle class and demand for branded, modern furniture (The Business Standard, 2024)
- Strong supply availability (jute, bamboo, textiles, engineered materials)
- Ability to develop local manufacturing partners (IKEA, 2024)
- Rising digital shopping and mobile-finance adoption (Ingka Group, 2024)

Threats

- High buyer price sensitivity
- Strong domestic competitors and informal carpentry sector
- Bureaucratic hurdles and import duties (Financial Express, 2024)
- Logistics costs linked to imports and customs processes

2.4 Insights and Strategic Implications

Key Insights from the Overall Analysis

- Macro-environment fit: Bangladesh's economic growth, urbanisation, and sustainability priorities align closely with IKEA's global business model.
- Industry analysis: Competition is strong, but IKEA's design, brand, and cost advantages create clear differentiation.
- National competitiveness: Diamond Model shows strong factor conditions and growing demand suited for IKEA's offering.
- Internal capabilities: Value Chain analysis confirms IKEA's cost efficiency, logistics strength, and scalable store model.

Strategic Implications

- IKEA can achieve competitive advantage through low-cost production, local sourcing, and design-led differentiation.
- Bangladesh's rising middle class presents a significant demand opportunity for affordable, functional furniture.
- Local supplier development can lower costs and reduce dependency on imports.
- Omnichannel integration will help IKEA capture Bangladesh's growing online consumer base.
- Overall findings suggest Bangladesh is a high-potential and strategically aligned market for IKEA's next phase of international expansion.

Section 3: Strategy Development and Formulation

3.1 Strategic Direction and Rationale

The IKEA strategy in Bangladesh follows the same direction as its global vision of affordable, sustainable, and accessible home-furnishing solutions (Ingka Group, 2024). The long-term growth objective is to tap emerging markets with opportunities by growing markets to include new geographical markets like Bangladesh with the same global product range IKEA already has.

The rapidly growing middle-income population, the growing urbanisation and the high demand of modern and space saving furniture are the factors that make Bangladesh a strategically appealing market. IKEA plans to capitalise on its international strengths, including flat-pack effectiveness, sustainability, and design leadership and react by adjusting products to the price-sensitive and space-constrained residential market of Bangladesh (The Business Standard, 2024; IKEA, 2024).

3.2 Strategic Model – Ansoff Matrix

IKEA's expansion into Bangladesh aligns most strongly with the Market Development strategy within the Ansoff Matrix. The Ansoff Matrix outlines four strategic growth options Market Penetration, Product Development, Market Development, and Diversification based on whether a firm targets new or existing markets with new or existing products (The Business Standard, 2024). For IKEA, the Bangladesh expansion is a form of entering a new geographical market using its existing global product portfolio, which makes Market Development the most suitable strategic category (Ingka Group, 2024).

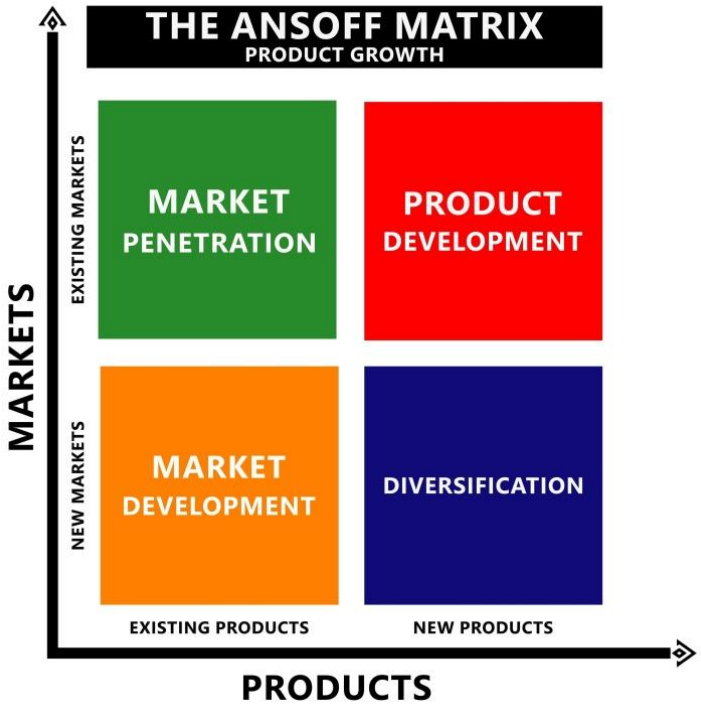

Figure: The Ansoff Matrix strategy

Source: (The Business Standard, 2024)

Ansoff Matrix is one strategic tool that plots four growth strategies based on the markets of a company (existing/new) and the products (existing/new). These strategies include Market Penetration (existing/existing), Product Development (new product/existing market), Market Development (existing product/new market) as well as Diversification (new/new). It assists the businesses to determine the degree of risk involved in the expansion of its operations.

Market Development Strategy Explained

The core objective of IKEA's market development strategy is to transfer its trusted Scandinavian furniture solutions into an emerging economy where demographic and economic conditions are highly favourable. Bangladesh's furniture industry has shown notable growth over the last decade due to rapid urbanisation, rising middle-income groups, increasing modern housing developments, and changing lifestyle patterns (6Wresearch, 2023). These trends point to a strong demand for branded, standardised,

functional, and modern home-furnishing solutions areas in which IKEA has established global leadership.

In this regard, the Bangladesh market is a specific target in its turn because of a fast-growing middle-income population, growing urbanisation rates, and the growing appeal of modern furniture solutions. IKEA will continue to have its vision of a global integration with some local changes needed at the corporate level. IKEA has used the same Scandinavian style and design across the world, however it needs to adapt to the Bangladeshi consumer climate especially in the provision of space-saving furniture as well as product lines that will suit small apartments that are the common features of Dhaka and other large cities. Moreover, since the local consumers are highly price-sensitive, IKEA has to make sure that it maintains competitive prices by taking advantage of the friendly cost framework in Bangladesh (The Business Standard, 2024).

The other significant aspect about the corporate strategy is the tightening of the backward integration by developing suppliers locally. Bangladesh has already got competitive advantage in terms of textiles, light engineering, and manufacturing which is labour intensive and therefore is an ideal place to source inputs and assemble chosen furniture parts.

Product Adaptation Needs

Although the global product portfolio of IKEA is already developed, the launch in Bangladesh necessitates a cautious product differentiation to the needs of the local consumer groups, living style, and economic conditions. The Ansoff Matrix highlights that although in market development there is some level of localization that has to be made to facilitate successful adaptation of the existing products in a new market.

- **Accclimatization of Small Apartment Sizes:** Among the most obvious functional accommodations is dealing with the considerably smaller average apartment size in Dhaka and other large cities. Foldable beds, multipurpose storage units, wall-mounted systems, and compact tables are some categories that the consumers in such cities favour, and IKEA already has a good presence

in these categories, yet might need some size modifications or material alterations to adapt to the living space of Bangladese (The Business Standard, 2024).

- **Assuring High Affordability in a Price-Sensitive Market:** The consumers of Bangladesh are still very price-sensitive as they tend to compare branded furniture to the carpentery products of local origin which is perceived to be cheap. To be competitive, IKEA will be forced to maintain a high efficiency pricing system by taking advantage of the favourable labour and the manufacturing costs in Bangladesh. This can include the localisation of production of some high-volume products so as to lower the cost of logistics and tariffs (The Business Standard, 2024).
- **Durability of Material and Climatic Conditions:** Bangladesh is also very humid, monsoon and seasonally varying in temperatures. Under such conditions of climates, IKEA will require evaluating the quality of its wooden products, adhesives, cloth materials, and particleboard materials. This might involve a modification of packaging, coating or the choice of material so that it can last long (Ingka Group, 2024).
- **Aesthetics and Practical preferences of Culture:** Even though the Scandinavian minimalism is very popular among global consumers, some layers of Bangladeshi consumers do like warmer colour palette, traditional themes, or wood design patterns that are heavier. To enhance the cultural fit without damaging the brand name, IKEA might be required to introduce region-specific limited product lines (Ingka Group, 2024).

All these product adaptation needs combined makes IKEA development strategy in the market not as a geographical expansion plan but a context-sensitive strategy. Through the harmonisation of international product uniformity and local-level modifications, IKEA will be able to enhance its suitability to the economic, demographic, and cultural environments of Bangladesh. Such a positioning according to the Ansoff Matrix boosts the chances of successful penetration into the market in the long run immensely.

3.3 Market Entry Strategy

Due to the competitive environment and the infrastructural situation in Bangladesh, a mix of a wholly owned flagship store and a strong e-commerce platform is the most appropriate market entry strategy of IKEA. IKEA can also use the flagship model to expose local consumers to its unique flat-pack retail experience, which is unlike the traditional Bangladeshi furniture-purchase behaviours (Ingka Group, 2024).

The physical outlet will be complemented with a highly integrated online sales channel that will be in a position to deliver in the key urban centres. This omnichannel strategy will address the weaknesses of offline growth by utilising the rising digital retail environment in Bangladesh. The supply-chain will be cost-competitive and efficient: gradual transition to local sourcing, with establishing long-term suppliers, will allow IKEA to partially localise the product lines of choice. This strategy will also make the country less dependant on imports over time and stabilise the pricing making sure that it is aligned with local consumer buying power

3.4 Competitive Positioning – Porter's Generic Strategies

The cost leadership of IKEA as a global competitor has founded its competitive edge in the company enabling Megafirm to provide quality and functional furniture at lower costs (Ingka Group, 2024). Cost leadership implies reduction of the operation, production, and logistics costs and maximisation of efficiency, economies of scale, and supply chain integration. IKEA does this globally by use of flat-pack designs, centralised warehousing, standardised production process, and, supplier partnerships that enable the company to achieve low prices without compromising on quality (Logistics Navigators, 2023).

Bangladeshi Market Application

The cost leadership strategy used in Bangladesh has to consider the local market dynamics. Furniture industry is very fragmented with small carpenters trying to dominate the industry and the consumers are very sensitive to prices. IKEA has an opportunity to draw on its international experience in the supply chain and local cost efficiency to compete well. Key factors include:

Operational Efficiency:

- Local production of textiles, bamboo, jute, and light engineering products decreases the use of imports and also minimises logistics expenditures. It will have centralised distribution centres in either Dhaka or neighbouring areas that will further lower inventory management and transportation expenses (IKEA, 2024).

Economies of Scale:

- IKEA is able to manufacture large volumes of standardised furniture and this distributes fixed costs over a large volume considerably reducing the per-unit costs. This is an essential factor in Bangladesh where consumers are very cost-sensitive.

Flat-Pack Distribution:

- The pre-assembled concept reduced transportation and storage volumes which lowers the overall costs which fits in the sustainable logistics strategy of IKEA.

One way is through differentiation:

- Although it is a brand oriented on cost, IKEA also has differentiation with Scandinavian design, space-efficient models, and products that comply with sustainability, which is also a competitive edge over unbranded furniture in the country (The Business Standard, 2024).

Through low cost, functional differentiation, IKEA can position as a hybrid player, capable of offering value to middle-class at an affordable price with the influx of urban population in the middle-class.

3.5 Strategic Fit & Capability Assessment – VRIO

The VRIO framework (Value, Rarity, Imitability, Organisation) is used to assess the internal organisational resources and capabilities which gives sustainable competitive advantage. The resources that IKEA has can be evaluated in the following way:

Figure: VRIO Framework

Value: The integrated supply chain, global procurement network, and scalable flat-pack manufacturing of IKEA create high value because of reduced costs and availability of durable and attractive furniture. It can be utilised by the Bangladeshi market as it will be able to obtain affordable furniture of the international standards (IKEA, 2024).

Rarity: IKEA has few local competitors in Bangladesh with their ability of sourcing on a global scale, large-scale logistics, and standard product design. The efficiency, consistency and brand recognition that IKEA has cannot be found in other local carpenters who only provide custom designs.

Imitability: IKEA business model is hard to copy because of its size, supplier relations, proprietary designs and flat-pack delivery systems. The local competition can attempt to imitate some of the products, but the imitation of the entire value chain would be costly and time consuming.

Organisation: IKEA is very organised and the company has centralised control on quality, design and sustainability as well as the capacity to integrate operations locally. This will enable the company to leverage on its resources to the maximum and attain market fit with the market opportunities in Bangladesh (Ingka Group, 2024).

Strategic Implication: The VRIO analysis shows that IKEA has sustainable competitive advantages due to the low-cost, differentiated design, global supply chain knowledge, and organisational capacity. These are the reasons why it has good chances of entry and long-term expansion in Bangladesh.

3.6 Strategy Implementation Components

Implementing IKEA's Bangladesh expansion requires coordinated functional strategies across supply chain, retail format, marketing, and supplier development.

Supply Chain Set-Up

IKEA will establish a centralised distribution centre near Dhaka, which will serve as a hub for regional logistics. Local sourcing of raw materials and partially manufactured components will reduce import dependence, lower costs, and support IKEA's sustainability goals (IKEA, 2024). In addition:

Inventory management will use advanced IT systems to forecast demand and optimise stock levels. Transportation will leverage flat-pack efficiency to minimise storage space and delivery costs.

Store Format

IKEA may adopt a **hybrid store model**:

- **Flagship Store:** A large-format outlet in Dhaka for direct consumer experience and brand visibility.
- **Mini-Stores/Showrooms:** Smaller locations in other urban centres to enhance accessibility.

- **Online-First Warehouse Model:** E-commerce fulfilment to complement physical stores, particularly in Dhaka and Chattogram, addressing traffic congestion and urban delivery challenges (Ingka Group, 2024).

Marketing Approach for Bangladesh

Marketing will emphasise IKEA's core values of affordability, sustainability, and modern design. Strategies include:

The digital campaigns will aim at targeting young middle-income urban consumers in Bangladesh who are most likely to be the first to adopt the products of IKEA. This will use social media and online shopping systems to inform the customers about flat-pack furniture and its functionality, sustainability, and how to assemble them, thus closing the knowledge gap and gaining trust in self-assembly furniture. Moreover, in-store marketing and the experience will get the consumers used to the peculiarities of self-service in stores retailing offered by IKEA, enabling them to directly experience products and enjoy the comfort and affordability of the IKEA shopping process (The Business Standard, 2024).

Local Supplier Development

IKEA's IWAY supplier compliance system will train and monitor local suppliers for ethical labour practices, environmental sustainability, and quality standards (IKEA, 2024). Long-term partnerships will:

- Reduce dependency on imports.
- Ensure cost efficiency and supply chain reliability.
- Promote local economic development in alignment with IKEA's global sustainability objectives.

3.7 Risk Analysis and Mitigation

IKEA's Bangladesh expansion involves economic, operational, cultural, political, and supply chain risks. Mitigation strategies are essential for sustainable growth.

Economic Risks

- Exchange rate fluctuations and inflation may affect prices.
- Mitigation: Local sourcing and diversified suppliers reduce import dependence and price vulnerability.

Operational Risks

- Traffic congestion, infrastructure limitations, and warehousing constraints can disrupt logistics.
- Mitigation**:** Strategic warehouse location, optimised delivery routes, and IT-enabled inventory management.

Cultural Risks

- Consumer unfamiliarity with self-assembly and Scandinavian design may reduce adoption.
- Mitigation**:** Customer education campaigns, simplified assembly manuals, and region-specific design adaptations.

Political Risks

- Regulatory delays, bureaucracy, and import/export policies may pose barriers.
- Mitigation**:** Close collaboration with local authorities, legal compliance, and use of incentives for foreign investment (World Bank, 2024a).

Supply Chain Risks

- Dependence on local suppliers may introduce quality inconsistency.

- Mitigation**:** Training through IKEA's IWAY program, rigorous quality checks, and development of multiple supplier partnerships.

By addressing these risks proactively, IKEA can secure operational stability, maintain brand reputation, and ensure profitable and sustainable expansion into Bangladesh.

Section 4: Performance Evaluation Framework

Ensuring IKEA's expansion into Bangladesh achieves long-term success requires continuous performance monitoring across multiple dimensions. These include financial outcomes, customer satisfaction, operational efficiency, employee development, and sustainability. The Balanced Scorecard (BSC) and Triple Bottom Line (TBL) frameworks provide a comprehensive structure to evaluate performance, guide strategic decisions, and support continuous improvement.

4.1 Balanced Scorecard for IKEA Bangladesh

The Balanced Scorecard (BSC) offers a methodical way of assessing the operations of IKEA in Bangladesh in four perspectives: financial, customer, internal processes, and learning and growth (Kaplan and Norton, 2020).

Financial KPIs:

These actions the revenue development, cost efficiency and price of the investment (ROI) of the operations of IKEA in Bangladesh. Measures are sales growth, operating margins, cost per unit, among others, and they assist in ensuring that the financial goals are in line with the strategic priorities (Financial Express, 2024).

Customer KPIs:

Customer-based measures evaluate the level of satisfaction, market share and brand recognition. Since the furniture sector in Bangladesh is very competitive and price-sensitive, consumer perception and loyalty measurement will be essential to the continued growth (IKEA, 2024).

Internal Process KPIs:

These are assessing the performance of the supply chain, inventory and store operations of IKEA. The important measures are the speed of order fulfilment, stock level, and the cost of operation, which are the components of the smooth operations of stores and warehouses on their daily basis.

Learning & Growth KPIs:

This school of thought is concerned with the human capital and organisational capability. The pointers consist of training time of employees, employee retention rates, leadership development programmes and effectiveness of knowledge transfer. Both a motivated and qualified workforce is needed in order to ensure uniform quality of service and also to cater to the needs of the local market (Financial Express, 2024).

Figure: The Balanced Scorecard

Source: (Financial Express, 2024)

By integrating these four perspectives, the Balanced Scorecard ensures that operational activities are aligned with strategic objectives, promoting long-term efficiency, profitability, and organisational learning.

4.2 Triple Bottom Line (TBL) Integration

The Triple Bottom Line (TBL) framework complements the BSC by evaluating IKEA's performance in social, environmental, and economic terms (Elkington, 1998; IKEA, 2024).

Social Contribution (People):

This dimension measures local job creation, employee welfare, supplier support, and community engagement. Metrics include workforce development, supplier ethical compliance, and contributions to local communities. By tracking these metrics, IKEA ensures that its operations positively impact Bangladeshi society.

Environmental Responsibility (Planet):

Environmental KPIs include energy consumption, waste minimisation, sustainable sourcing of raw materials, and in-store and logistics-related CO_2 emissions. These measures allow IKEA to fulfil its global sustainability commitments while adapting to local environmental conditions.

Economic Impact (Profit):

This dimension gauges financial sustainability, revenue growth, and long-term value creation. TBL ensures that financial success is balanced with social and environmental responsibility, promoting a holistic approach to business in a new market (IKEA, 2024).

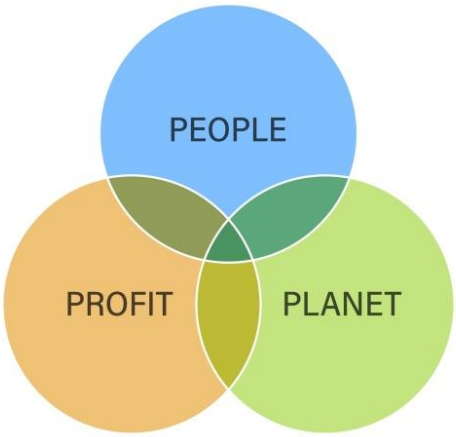

Figure: The Triple Bottom Line framework

Source: (IKEA, 2024).

By integrating TBL with operational goals, IKEA ensures that business success, social responsibility, and environmental stewardship are pursued simultaneously. For example, supporting local suppliers reduces costs, improves community engagement, and aligns with sustainability practices.

4.3 Monitoring and Governance Mechanisms

To achieve consistent performance improvement, IKEA will implement robust monitoring and governance mechanisms:

Reporting Systems: Integrated performance dashboards will track BSC and TBL KPIs in real-time, providing actionable insights for management decisions. Financial, operational, and sustainability data will be consolidated to enable cross-functional analysis.

Stakeholder Feedback: Customer surveys, employee feedback, and supplier assessments will provide qualitative insights into operations, enabling IKEA to adapt strategies based on local preferences and expectations.

Continuous Evaluation Tools: Tools such as internal audits, KPI benchmarking, and periodic sustainability reviews will ensure continuous alignment between strategic objectives and operational performance. These evaluations will identify areas for improvement, mitigate risks, and ensure compliance with both global standards and local regulations (Kaplan & Norton, 2020).

By combining BSC, TBL, and structured governance mechanisms, IKEA can maintain strategic clarity, operational efficiency, and sustainability in Bangladesh, ensuring long-term growth and positive societal impact.

Conclusion

This report has conducted a systematic analysis on the strategic justification, market opportunity and operation of expansion of IKEA in Bangladesh. This analysis indicates that Bangladesh is a high potential emerging market with a stable economy, fast urbanisation, young and more and more middle-income population, increasing demands of home furnishing that are modern, affordable, and space efficient (IKEA, 2024). The macro-environmental and competitive analyses conducted such as PESTLE, Porters Five Forces, have demonstrated that the country has an attractive market entry, supplier development and sustainable operations (Ingka Group, 2024).

The strategic formulation aspect has indicated that IKEA corporate, business and functional level strategies are highly aligned with the market dynamics of Bangladesh. This strategy as suggested by the Ansoff Matrix suggests that the development of current products within the market, as well as the adaptation of local products e.g. compact design, material that withstands the climate and culturally sensitive designs will enhance the acceptance by the customers. At the enterprise level, the hybrid cost leadership and differentiation strategy gives IKEA a definite competitive advantage to fragmented local carpentry markets (The Business Standard, 2024). The supply chain

management, marketing, human resource development, and capital investment strategies are functional and make operations economical, affordable, and scalable. Combination of the Balanced Scorecard and Triple Bottom Line approach, the performance evaluation framework offers strong mechanisms of checking the financial, operational, social and environmental performance. This will make certain that the strategic objectives can be continually achieved and lead to the long-term sustainability, corporate social responsibility, and stakeholder participation (World Bank, 2024a).

In summary, the business entry of IKEA into Bangladesh is operationally feasible and well-grounded in strategic reasons, which promise the company a chance to develop its business in the long-term, build a strong brand, and make a positive economic and social contribution.

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