

4.0 Comparison of STP Strategies in Sweden and Japan.

The Segmentation, Targeting, and Positioning (STP) process translates macro-environmental and cultural analysis into a focused strategic blueprint. IKEA's application of STP in Sweden and Japan demonstrates a foundational standardisation of its core value proposition, overlain with significant, culturally-informed adaptations in targeting and positioning.

4.1 Segmentation.

Market segmentation enables firms to identify distinct customer groups with similar needs, allowing more efficient targeting strategies. IKEA employs a hybrid segmentation basis, combining geographic, demographic, and psychographic variables, with the weight of each varying by market (Wedel and Kamakura, 2020).

Table 2: Comparative Segmentation Analysis

Segmentation Basis	Sweden (Home Market)	Japan (Host Market)
Geographic	Nationwide; suburban & urban.	Heavily concentrated in major metropolitan areas (Tokyo, Osaka, etc.). Urban focus is paramount.
Demographic	Broad: Young adults, families, students. Wide income range.	More focused: Young urban professionals, new homeowners, small families in cities. Slightly higher income skew due to urban premium.
Psychographic	DIY enthusiasts, value-seekers, environmentally conscious consumers, those seeking self-expression through home design.	Space-optimisers, time-poor urbanites, quality-conscious but not DIY-focused. Seek convenience, smart solutions, and social approval.
Behavioural	Regular shoppers for incremental home furnishing. High loyalty to the IKEA system.	Occasional, project-based shoppers for key space solutions. Lower initial loyalty, higher need for reassurance.

Source: Author's own elaboration based on market analysis.

These segmentation differences demonstrate that IKEA's international marketing strategy must prioritise urban consumers in Japan, where limited living space and dense metropolitan populations fundamentally shape furniture consumption patterns.

4.2 Targeting.

The targeting strategy flows directly from the segments identified, as firms select the most attractive market segments based on market size, accessibility and profitability (Cateora, Gilly and Graham, 2020). In Sweden, IKEA practises differentiated marketing, targeting multiple segments (students, families, etc.) with its wide range. In Japan, the strategy is more concentrated; the primary target is the urban space-optimiser. This sharp focus justifies the significant investment in adapting products, stores, and services for this specific group's needs (Kotler and Keller, 2022). The choice not to target the traditional, older Japanese household or rural dwellers is a clear strategic prioritisation.

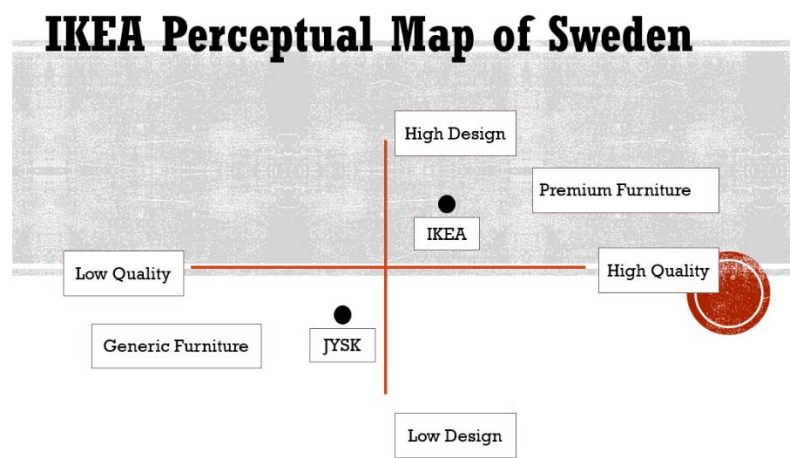
4.3 Positioning and Perceptual Mapping.

Positioning is where the most visible adaptation occurs. While the core attribute of “good design” is consistent, the key differentiating benefit shifts.

- Sweden: IKEA is positioned as “Affordable, democratic design for self-reliant living.” The emphasis is on the *process* (DIY as empowering) and the *value*.
- Japan: IKEA is repositioned as “Smart, life-improving solutions for compact urban living.” The emphasis shifts to the *result* (a harmonious, efficient space) and the *solution* provided, often with service support.

This can be visually analysed through perceptual maps. For the Sweden home market, IKEA occupies a high-design and moderate-price position in the Swedish furniture market.

Figure 2: The competitive positioning of IKEA in the Swedish furniture market can be illustrated through a perceptual map.



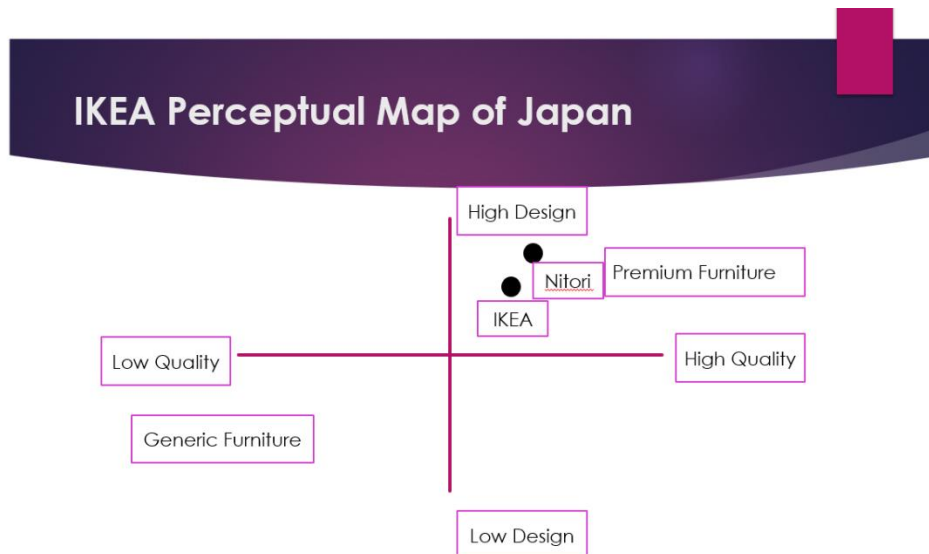
Source: Author's conceptualisation based on industry analysis.

In Figure 2, The brand differentiates itself from premium Scandinavian furniture producers, which offer higher-priced fully assembled products, while also maintaining stronger design value compared to lower-cost flat-pack competitors such as JYSK.

For the Japanese market, the key competitive dimensions are Space-Saving Ingenuity and Price/Value.

- Conceptual Perceptual Map (Japan):
 - High Space-Saving, High Price: Premium custom storage solutions.
 - High Space-Saving, Mid-Price: IKEA JAPAN. Nitori also competes strongly here.
 - Low Space-Saving, Mid-Price: Traditional Japanese furniture retailers.
 - Low Space-Saving, Low Price: Basic, generic big-box retailers.

Figure 3: Perceptual Map of Furniture Market Positioning in Japan.



Source: Author's conceptualisation based on industry analysis.

Figure 3 demonstrates that IKEA occupies a mid-price, high-design position in the Japanese furniture market. This positioning reflects the strategic objective of differentiating IKEA from both premium furniture retailers and low-cost domestic competitors, illustrating the role of positioning as a core element of the STP framework in creating sustainable competitive advantage (Kotler and Keller, 2022). The brand competes closely with Nitori in terms of value and functionality while differentiating itself through Scandinavian design and space-saving solutions targeted at urban consumers.

4.4 Conclusion on STP Similarity/Difference.

IKEA employs a fundamentally different STP strategy in Japan compared to Sweden, demonstrating how international segmentation and positioning decisions must align with cultural, spatial and behavioural differences across markets (Keegan and Green, 2020). This supports the contingency perspective in international marketing, which argues that segmentation and positioning strategies must be aligned with local cultural and environmental conditions rather than universally standardised (Keegan and Green, 2020). The segmentation variables are weighted differently (heavy geographic concentration in Japan), the targeting is more focused, and the positioning statement is adapted from an emphasis on *affordable self-reliance* to *smart, service-supported solutions*. This level of adaptation is not superficial; it represents a strategic realignment to fit the market's cultural profile (high UAI, collectivism) and practical constraints (space). This adapted STP framework now dictates the specific configurations of the marketing mix, which will be analysed in the following section.

5.0 Comparison of Marketing Mix Strategies in Sweden and Japan

The marketing mix operationalises the strategic choices made in the STP process, translating segmentation and positioning decisions into actionable marketing activities (Hollensen, 2020). For IKEA, the 7Ps reveal a sophisticated contingency approach (Baack, 2018), where global brand identity and logistical core are standardised, while profound adaptations are made to key elements to achieve local relevance and success.

5.1 Brand & Product Strategy

Brand Strategy: IKEA maintains a standardised global brand identity—its blue-and-yellow logo, typeface, and the core 'Democratic Design' ethos are consistent. This provides global efficiency and brand equity transfer. However, the brand promise is adapted. In Sweden, it is the “co-creator of your home.” In Japan, it becomes the “expert solution provider for small-space living.”

Product Dimensions, Lines, and Adaptation:

- **Core Product:** While both markets sell furniture, the core benefit differs. In Sweden, it is “self-expression & value.” In Japan, it is “space harmony & convenience.”
- **Adaptation vs. Standardisation:** IKEA practices mandatory adaptation in Japan due to physical constraints (smaller room sizes, narrow staircases). Over 20% of its product range has historically been redesigned or resized to accommodate Japanese housing

constraints and consumer preferences (Jonsson and Foss, 2011; IKEA, 2023). For example, beds are made to fit standard Japanese *tatami* mat dimensions, and sofas are shallower. This commitment to adaptation continues to evolve. In 2025, IKEA Japan launched HARMYNTA, its first tableware line to incorporate traditional Japanese techniques and be entirely produced in Japan (PR EDGE, 2025). This represents a move from simply resizing products to co-creating new ones with local cultural meaning, further cementing its role as a locally responsive brand.

Figure 4: Product adaptation between Sweden and Japan.



Source: IKEA (2023).

- **Product Lines:** The width (number of lines) is similar, but the depth (items within a line) varies. Japan has a deeper range within space-saving categories (e.g., multi-functional storage, foldable furniture).
- **Packaging:** The iconic flat-pack is standardised for logistics. However, informational and symbolic packaging elements are adapted. Instructions use universal pictograms but may feature Japanese living spaces. Packaging emphasises “easy assembly” more strongly in Japan to counter high Uncertainty Avoidance.
- **Labelling:** Legally required labelling (e.g., materials, safety) is adapted. Sustainability labels (FSC-certified wood) are standardised, aligning with global ethical positioning.

Conclusion: IKEA employs a significantly different product strategy in Japan, with physical product adaptation being non-negotiable. While the brand is standardised, its product manifestation is locally responsive.

5.2 Pricing & Promotion Strategy

While IKEA maintains a globally recognisable low-price positioning, its pricing strategy in Sweden and Japan reflects a nuanced balance between cost efficiency and cultural value perception. International pricing cannot be understood purely as a financial calculation; rather, it is embedded within cultural constructions of value, risk and quality (Keegan and Green, 2020).

In Sweden, IKEA operates within a low Uncertainty Avoidance (UAI = 29) context (Hofstede, 2001). Consumers are comfortable with self-assembly and price transparency. As a result, IKEA's pricing strategy follows a predominantly cost-plus logic, supported by economies of scale and flat-pack logistics efficiencies (Baack, 2018). The low price signals accessibility and aligns with the Swedish cultural value of *lagom* — moderation and balance. Here, price reinforces brand authenticity rather than triggering quality suspicion.

In contrast, Japan exhibits extremely high Uncertainty Avoidance (UAI = 92) (Hofstede, 2001). In such contexts, price functions not only as an economic indicator but also as a psychological signal of reliability. Research in international pricing suggests that high-UAI cultures often associate excessively low prices with potential risk or compromised quality (De Mooij, 2019). Therefore, IKEA Japan positions itself slightly above local competitor Nitori in selected categories. This price premium is not merely cost-driven but strategically designed to convey European design credibility and functional reliability. This illustrates how cultural cognition mediates price perception, demonstrating that effective international pricing strategies must balance cost efficiency with culturally embedded signals of trust and quality (De Mooij, 2019).

From a theoretical perspective, IKEA employs a hybrid pricing method that differs between the two markets. In Sweden, the approach is predominantly cost-based, leveraging economies of scale and efficient flat-pack logistics to deliver low prices that align with the cultural value of *lagom*. In Japan, however, IKEA adopts a competition-oriented method, positioning its MALM bed at ¥39,990 compared to Nitori's ¥74,990, while also incorporating value-based pricing elements where the slight premium over its own Swedish price communicates reliability and European design credibility to risk-averse Japanese consumers (De Mooij, 2019).

This is significant because pricing in Japan functions as a risk-reduction mechanism rather than purely a competitive lever. Consequently, full standardisation of IKEA's Swedish low-price formula would weaken its positioning in Japan.

Table 3: Price Comparison – MALM Bed Frame.

Country	Product	Price (Local Price)	GBP	Local Competitor Price. (e.g., Nitori for Japan and JYSK for Sweden)	GBP
Sweden	MALM Bed (140×200 cm)	SEK 1,995	£150	SEK 2,595	£207.91
Japan	MALM Bed (140×200 cm)	¥ 39,990	£210	¥ 74,990 (Nitori NS-006 double bed frame)	£352.62

Source: IKEA Sweden (2026); IKEA Japan (2026); Nitori (2026); [XE.com](#) (2026) for GBP conversions.

The slight price variation reflects local cost structures, import duties, and positioning relative to domestic competitors such as Nitori. Notably, IKEA's MALM bed in Japan is priced competitively at approximately ¥40,000 compared to Nitori's more feature-rich model at ¥75,000, reinforcing IKEA's value-for-money positioning even in a premium market segment. Retailer pricing differences suggest adaptive pricing rather than complete standardisation in IKEA's international strategy.

Promotion Strategy: Cultural Encoding of Meaning

Promotion reflects even deeper adaptation, as international marketing communication strategies must be redesigned to match cultural expectations and media environments in different markets (Katsikeas, Leonidou and Zeriti, 2020). Sweden, as a low-context culture (Hall, 1976), responds to explicit communication and humour-based rational appeals (Keegan and Green, 2020). IKEA Sweden's advertising frequently uses irony and self-awareness, such as the "Bookbook" campaign parodying technology advertising. The message is explicit, verbally articulated and individualistic.

Japan, however, is a high-context culture where meaning is conveyed implicitly through symbolism and atmosphere (Hall, 1976). IKEA Japan's advertising emphasises serenity, spatial harmony and collective well-being. Rather than focusing on "cheap furniture," campaigns centre on "peaceful living" and compact efficiency.

This shift aligns with collectivist values (Hofstede, 2001) and reflects research showing that emotional appeals perform more effectively in high-context Asian markets (De Mooij, 2019).

Critical Insight:

IKEA's promotional adaptation is not superficial translation but semiotic reconstruction. The symbolic meaning of "home" differs across cultures — self-expression in Sweden versus harmony in Japan.

This demonstrates that international promotion is not about changing language, but about reconfiguring meaning systems.

5.3 Place (Distribution), Logistics & the Extended 3Ps

Place - Distribution Strategy:

- **Channel Intensity & Length:** IKEA uses a selective, short-channel strategy in both markets, operating its own large-scale stores. The critical adaptation is in store format and location.
 - Sweden: Large, out-of-town "warehouse" stores, often standalone destinations.
 - Japan: IKEA's distribution strategy in Japan is highly dynamic and responsive. While it initially experimented with small city-center showrooms in Harajuku and Shinjuku, the company announced in 2025 that it would close these locations in early 2026. This decision reflects a strategic optimization of its omnichannel approach, concentrating its city-center presence on a single, larger 'brand hub' at IKEA Shibuya, while strengthening its digital channels and larger suburban stores, (IKEA Japan, 2025). This adaptability demonstrates IKEA's commitment to finding the right formula for the complex Japanese market (Jansson, 2020).
- **Intermediary Arrangements:** IKEA Japan is a wholly owned subsidiary, giving it complete control over distribution, crucial for implementing its adapted service model.

Logistics & Physical Distribution: The global flat-pack logistics model is standardised.

However, inventory in Japan heavily skews towards space-saving items.

The Extended 3Ps:

- **Process:** This is the most adapted element. The Swedish DIY process is augmented in Japan. IKEA offers full paid assembly and delivery services, online planning tools, and in-store consultants. This directly addresses Japan's high Uncertainty Avoidance (UAI=92).

- **People:** Store staff in Japan are trained in high-touch *omotenashi* (service) principles, acting as consultants rather than just cashiers. In Sweden, staff roles are more geared towards logistics and self-service support.
- **Physical Evidence:** Store layout is adapted. Japanese stores feature model rooms built to exact scale of tiny Tokyo apartments, not the spacious Swedish family homes displayed in Älmhult. Lighting, signage, and the in-store restaurant menu (featuring Japanese curry alongside Swedish meatballs) are all localised.

Overall Marketing Mix Conclusion: IKEA's marketing mix in Japan is strategically and operatively different from its Swedish archetype. While Price shows moderate adaptation and Product shows necessary physical adaptation, the most profound changes are in Promotion (cultural messaging), Place (urban format), and the service-based Process, People, and Physical Evidence. This aligns perfectly with the socio-cultural analysis, confirming that high cultural distance, especially in Uncertainty Avoidance, compels adaptation far beyond the product itself.