

By Aleksandar Lolov

Student number
2218455

lecture: Tushara Balendran

MARKETING FUNDAMENTALS

IKEA HISTORY

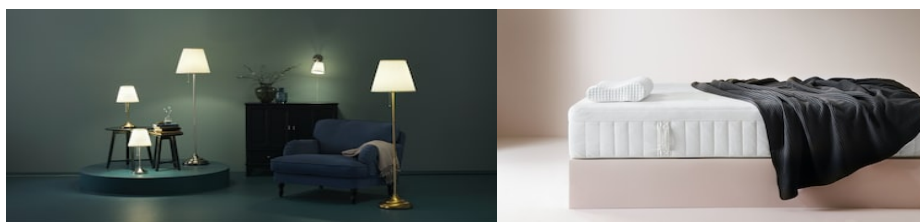
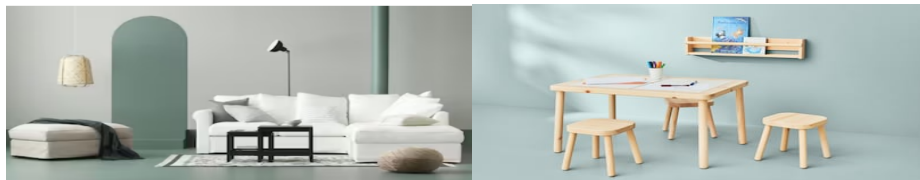
HOW Founded by Ingvar Kamprad in 1943, IKEA started its journey as a mail-order sales business. Kamprad was only 17 years old when he set up IKEA with money his father had given him for succeeding in his studies. The name IKEA is formed from the founder's initials (IK) and the first letters of Elmtaryd and Agunnaryd, the farm and village where Kamprad grew up. IKEA's original selling stock included pens, wallets, picture frames, table runners, watches, jewellery and nylon stockings. It was all sold at reduced prices. It wasn't until 1948 that it began to sell furniture – the furniture is produced by local manufacturers in the forests close to Ingvar Kamprad's home. The IKEA catalogue that is still running today began circulation in 1951. In 1958, the first store opened in Älmhult, Sweden with its first IKEA restaurant opening at this location 1960. The first IKEA stores that opened outside of Sweden were in Norway and Denmark (1963 and 1969, respectively). With the company's success, IKEA began to spread across the world, coming to the US and the UK in the 1980s.



IKEA PRODUCTS

IKEA has a large range of products basically the store it's a show room of how a house has to look like according to different kind of styles and preferences so here is some of the lines that IKEA has on the store and online:

- 1.- storage and organization
- 2.- Furniture
- 3.- Kitchens
- 4.- Bathroom products
- 5.- Baby & children
- 6.-outdoor living
- 7.-working from home
- 8.-Textiles
- 9.-Beds & mattresses
- 10.-lightening
- 11.-SMART HOME



CHOOSING MATERIALS



Is about making responsible decisions. When IKEA is not able to use renewable resources, they aim for recycled or recyclable ones. In all that they strive to keep prices low and quality high.

Wood Is fundamental to the IKEA business - it's a renewable, natural material durable enough to last for generations. But forests are fragile and sensitive to how we treat them. That's why we put responsible wood sourcing at the heart of our business. This means working together with others, such as the Forest Stewardship Council® (FSC®) to improve responsible forest management around the world.

Cotton It's natural and renewable material that breathes well. And because it absorbs moisture, our cotton textiles are suitable even in the warmest of climates. Since 2015, all cotton in their products comes from more sustainable sources. "More sustainable" means improved cotton production for people and the environment by minimizing the use of pesticides and fertilizers. It's about securing better water management and developing cultivation practices.

Natural fibers From water hyacinth to cork, banana fibers, and rattan, the use of natural fiber materials is increasing at IKEA. Not only are they natural and renewable, they also have great character, making each final product quite unique. A majority of this production is non-industrial. IKEA work closely with weavers and craftsmen and women in Vietnam, Indonesia, and China amongst others. Working with skilled artisans from around the world opens up doors for co-creation, inspiration and new production knowledge as well.

Scrap/recycled IKEA use recycled materials whenever possible. Wood, plastic, paper, and metal are just a few that we love to work with. We differentiate between scrap and recycled materials - scrap refers to the leftover material from another production, while recycled is when we're able to reuse material from old products. But, it's more - it's a way of thinking and developing products too. IKEA aim to design in ways that allow you to recycle products at the end of their lifetime, thus minimizing waste.

Plastic On a journey towards only using recycled and/or renewable plastics. Most plastics are oil-based, which means that they come from a non-renewable resource. So, whenever possible, we use as much recycled or renewable plastic in our products as we can. Today, about one third of our plastic items come from renewable and/or recycled sources.

BRANDING STRATEGY

When you look at IKEA now, it's hard to imagine the furniture giant began its journey by selling pens and wallets. Sure, most start small, but not everyone can scale from a remote stationery store to a multinational brand.

Do you know how IKEA managed to build its identity?

By sticking to its original mission and remaining consistent.

Ingvar Kamprad created the company initially to produce high-quality furniture that anyone could afford.

Back then, people were frugal with homeware, and he wanted to inspire better living by offering smart home décor.

To this day, IKEA has remained true to its original mission and sells inexpensive products. Even its future planning for a circular economy revolves around its original mission, "to create a better everyday life for the many people."

The introduction of flat packaging also reflects its core brand values. It launched a unique design to make transportation.

Brand consistency helps you deliver a unified experience to your audience. It makes your products authentic, builds trust in your company, and sets you apart from your competitors. IKEA is easily recognizable because of its consistent image. It has worked tirelessly to build its identity to become one of the largest furniture producers worldwide its name is what attracts people in the first place before they explore the products.



1951



1954



1967



1981



1983



2018

IKEA PRICING

IKEA prices their product with price ending in 99 it has expanded to every country that IKEA has store. It became an icon of IKEA's low-price ideology). Therefore, all products are priced **ending in 99** such as \$3.99 or \$9.99



IKEA often considers a price change, but how they make consumers believe that new price is a good deal.

[@ikea](https://www.instagram.com/_ikea) • Instagram photos and videos

[https://www.instagram.com_](https://www.instagram.com/_)

<https://twitter.com/ikeauk?lang=en>

<https://xcite.co.uk/ikea-facebook-showroom-campaign/>

IKEA sets the new prices



they put the previous prices as well.

When consumers estimate a price of product to decide whether they consider the price is a good deal, they need to check the price with some references. If the new price is with some references, people might think the current price is a good deal based on reference they are given. IKEA put their products on sale occasionally. Customers believe that they are smart buyers when they get products with a good deal.

In addition, IKEA puts sale price with some reference, so price discounts boost power of buy with referent pricing and customer might spend more money in the store. **IKEA's psychological pricing strategy is related to consumer behaviour deeply. Three psychological pricing strategy makes people believe that IKEA's products are price competitive and encourage consumers to purchase their products.**

IKEA DISTRIBUTION & MARKETING STRATEGY

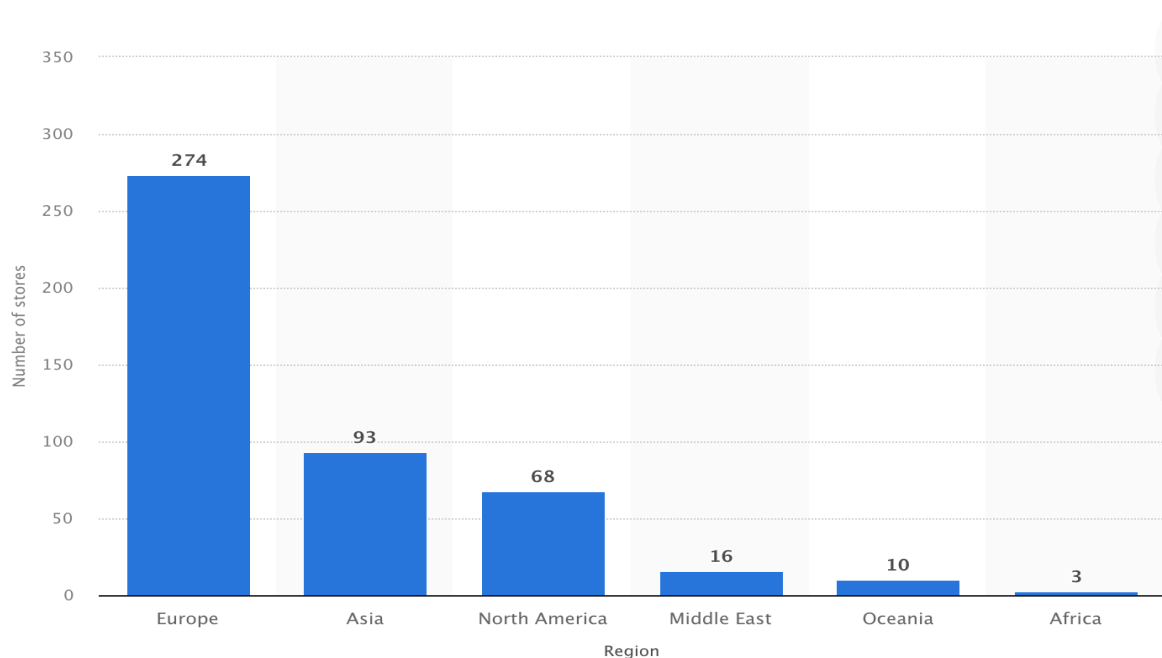
In the marketing strategy, marketing mix is a very important knowledge point. It clears analysis product, price, place and promotion. The purpose is to achieve maximum sales, customer satisfaction and customer perceived value. Place plays a vital role to decide the best channels about the effectively transporting the goods to the customer in the marketing mix. Place not only refers to the location, it also includes the channels of distribution and logistics.



When we talk about this topic, we have to mention the IKEA. As the world's biggest furniture retailer, it has more than 1600 suppliers to manufacture products and efficient delivery of these products to 186 stores all over the world. It's enough to prove that IKEA marketing mix strategy is successful. For this reason, this blog is necessary to analyze and study the strategy of IKEA. IKEA's 28 center warehouses

and distribution centers controlled the transport process in different 16 countries. The role of the distribution center is gathered goods and products from all over the world, and then unified dispatching those products to different areas. In general, one country has unique distribution center. As shown in figure 1, IKEA believes that it should be more efficient way of centralization (Abrahamsson, 1993). With the rapid increase of Ikea distribution scale, it will have new challenge that is a distribution center services multiple markets in the future (Distribution/ warehouse in IKEA).

IKEA's whole supply chain goal is to reduce the total cost of delivery, guarantee the quality of products. At the same time, it also can keep lower environmental impact (Larsson and Qviberg, 2004). IKEA distribution channel members include that manufacturer, dealer, wholesaler, retailer and consumer. In order to keep the advantage of low price on the products, IKEA must use the most direct and cost effective way to transport the products from supplier to customer (Figure 2). Moreover, this approach can achieve the lowest bad environmental impact. Usually, IKEA's product are adopt packed flat that would make the products easier to be stackable. This way can be saved space and delivered with great efficiency.



This statistic depicts the number of stores of the IKEA Group worldwide as of 2022, by region. That year, Europe had a total of 274 IKEA stores through that designs and sells ready-to-assemble furniture such as beds, chairs, desks, appliances and home accessories. The company is the world's largest furniture retail.



1. Plan & order

Come in and see us! Our co-workers are ready to share their home furnishing expertise, assist with planning and arrange your order to be placed

Simply place your order with one of our co-workers who will give you an Order Confirmation containing details of your order including the collection or home delivery date. Once you have your Order Confirmation document you can proceed to the checkouts to pay.



2. Get it home

You can arrange your order to be delivered to your address or to be delivered for collection.

Services and charges vary, please check your local collection points webpage for more details.

[Read more information about delivery](#)



3. Assemble & enjoy!

After you have received your order you can start having fun with the assembling. And remember that putting furniture together is always more fun and easy with more people.

Pssst...

We have an assembly service if you would like a helping hand.



Address

IKEA Hammersmith
King Street Hammersmith
London
W6 9HW

Store

Monday - Saturday

09:00 - 21:00

Sunday

11:00 - 17:00

Closed

24/12/2022 Christmas Eve

25/12/2022 Christmas Day

Exceptional hours

26/12/2022 10:00 - 18:00 Boxing Day

31/12/2022 09:00 - 18:00 New Year's Eve

01/01/2023 11:00 - 17:00 New Year's Day

IKEA PROMOTION

IKEA is a brand that has mostly used quirky means to get their point across. But sometimes, out of the blue, IKEA also comes out with ads that touch our hearts.

If you have followed the ads and campaigns that IKEA comes out with, you'd notice how the idea isn't to sell a product, but an idea. And more so, emotions. The ads are experiences put together creatively. The IKEA slogan is 'creating a better everyday life for the many people', and with this in mind the Swedish furniture retailer has focused its efforts on producing

customer-centred content marketing to get its message across. The catalogue has long been a cornerstone of an IKEA marketing strategy. But IKEA's modern marketing approach has also ranged from witty Facebook campaigns to YouTube tutorials and emoji marketing.

IKEA's Take On Augmented Reality



IKEA is not afraid of technology and they are always looking to innovate and experiment. As a matter of fact, it was probably the first furniture retailer to incorporate the augmented reality to help customers make the right purchasing decisions. It was back in 2013 when IKEA rolled out a catalogue app feature called 'Place in Your Room' that allowed users to try out their desired products in their homes. As the research has shown that almost 14 per cent of its customers end up taking home furniture which turns out to be the wrong size for its intended location, the feature allows 360-degree room views and videos to help customers find out the best matching products.

Hyper-Localised Campaigns



One thing to love about this global brand is that they often stay on top of their highly fragmented market. So, how do you connect with everyone in the face of highly segmented customer groups? You leverage a localised approach. The IKEA UK Marketing Strategy will be different from the American which will be different from the one in Singapore and so on and so on. IKEA faced countless hiccups when it first made it to India and China with their 'global' products. But they certainly learned their lesson quickly and IKEA's now localised IKEA marketing strategies are able to add a distinctive twist on campaigns that make the brand more relatable.

Guerrilla Marketing and Freebies

IKEA also takes a bold approach when it comes to ambient marketing. Their 'Moving Day' marketing stunt in Quebec caught passerby's attention with free boxes of moving, printed with moving tips, checklists, a dinner offer for those yet to set up their kitchens, and a discount offer for IKEA furniture. The result? Store traffic increased more than 14% from the same weekend the previous year, whereas sales increased by over a quarter when compared to the previous year.



Now here is another incredible IKEA marketing campaign example: IKEA France, to celebrate the 30th store, installed a vertical outdoor apartment billboard which was then turned into a climbing wall. Always experimenting and pushing the envelope as far as possible are key parts to IKEA's marketing, no matter where in the world it might be.

Key Takeaways

By now, you might want to know just what the underlying ingredient of these witty campaigns is. It's quite simple: they listen. They don't just pick consumer information from standard surveys and questionnaires. IKEA will actually send design experts to people's houses to listen to their needs, complaints and concerns. They really try hard to understand their customers to create the right tone of voice and make the brand more relatable to everyday life. The feedback allows IKEA to focus on building effective strategies based on people's real-life experiences.

Sources of Information-references:

Background:

Available at:

<https://about.ikea.com/en/about-us/history-of-ikea/ikea-design-through-the-years>

<https://www.businessofbusiness.com/articles/ikea-history-founder-data-hiring/>

Lamare,A.(2020).The business of business.

<https://skandihome.com/skandiblog/uncategorized/story-of-ikea/>

Ripa,E.(2014).Skandiblog

Available at:

<https://www.ikea.com/gb/en/cat/products-products/>

<https://squeezegrowth.com/ikea-marketing-strateies/>

Zarqoon,A.(2022). IKEA's 7 core Marketing strategies & Tactics.

<https://mpk732t12016clusterb.wordpress.com/2016/05/15/marketing-strategy-in-distribution-and-logistics-ikea/>

Athena,095.9(2016).Marketing Strategy in Distribuiton & logistics.

<https://www.appnova.com/five-best-ikea-marketing-campaigns-ever/>

WAKA.(2016).Five of the best IKEA marketing capmpaings idea ever.