

Introduction and overview of the company

IKEA is the world's largest retailer of design-sell and ready-to-assemble furniture, applicants, and accessories.. It was founded in Sweden in 1948 and has expanded since then.To construct 433 stores, employ 211,000 people in 50 countries, and generate \$1 billion in sales in 2019.

In 2019 of more than 41.3 billion euros (IKEA, 2020). IKEA is the 39th most valuable brand in the world.with value of \$15.3 billion (Forbes, 2019). IKEA has introduced franchising, which gives the company additional revenue.

The ability to expand internationally while maintaining associate entrepreneurial spirit, and so the power to safeguard. Underlying concept and serving their and the general public's best interests (IKEA, 2020).



1951



1954



1967



1981



1983



2019

("Our IKEA heritage")

IMAGE : <https://www.ikea.com/gb/en/this-is-ikea/about-us/our-heritage-pubad29a981>

They own and operate stores solely in twenty four countries only, the remaining stores are franchised (Shoulberg, 2018) for third-dimensional of franchisees annual turnover, IKEA (2020)

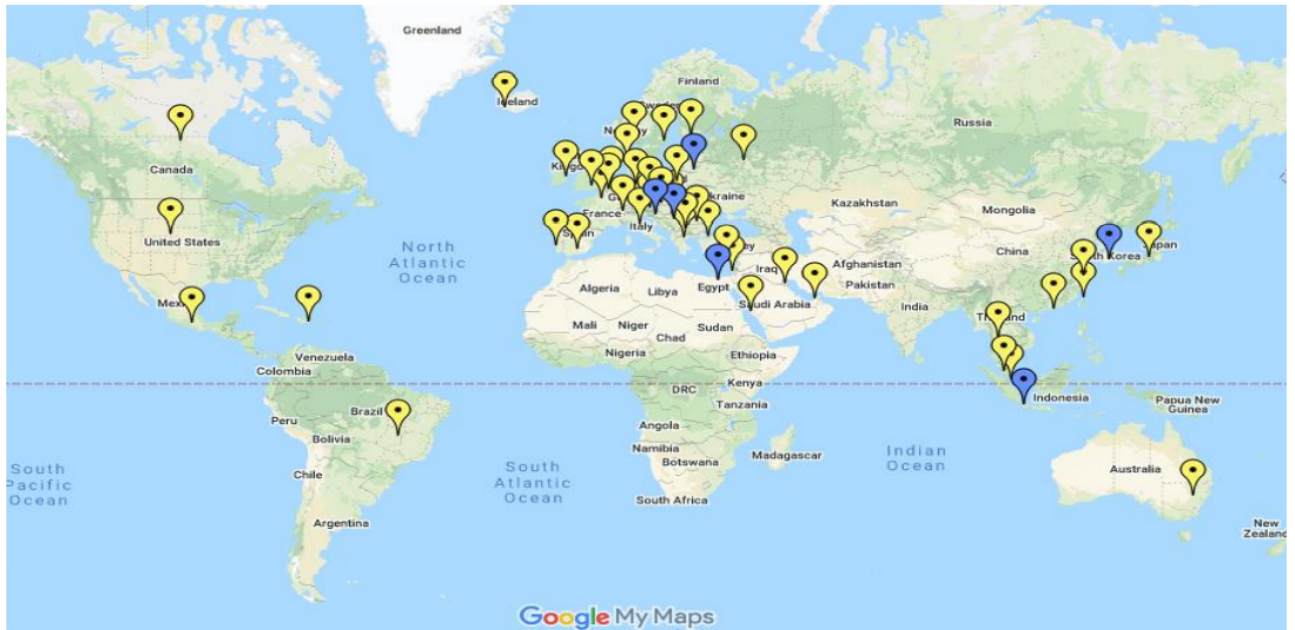


Figure (2): IKEA global presence (Google maps, 2020).

The Franchise system enabled IKEA to grow steadily, develop their construct, lay a solid foundation for his or her complete development, and increase their sales up to forty one. Three billion Euros in 2019, and exploit economies of scale and to manage and keep IKEA's engaging costs and global reach (IKEA, 2020). in addition, IKEA's enjoys a powerful supply-chain that contains 1,800 suppliers in fifty countries and uses forty two mercantilism service offices worldwide (TradeGecko, 2018).

IKEA is not just a retailer; IKEA group operates in different sectors to support the group business	
1	IKEA Systems B.V. and its subsidiaries. Inter IKEA Systems B.V., it is the franchisor and owner of the IKEA Brand.
2	IKEA Supply AG, IKEA Industry AB and related businesses make IKEA Core business Range that is responsible for developing and designing the overall IKEA product range.
3	IKEA Supply AG to source and distribute IKEA products to IKEA franchisees. IKEA Industry AB, a strategic IKEA manufacturer owned by Inter IKEA Group, is closely integrated with Core Business Supply.
4	IKEA Group functions for legal, finance and other activities To support the core businesses, like IKEA Älmhult AB that owns and operates the IKEA Hotel and Museum.
5	Other IKEA Group support businesses that support goup activities locally and globally.

Figure (3): IKEA group activities and sectors (Inter IKEA Systems B.V, 2020)

IKEA's vision is to make the next commonplace of living for folks; they are targeting

the next daily for all people compact by their business by providing a large vary of elegant, practical home furnishing product at prices therefore low that as several people as potential are able to afford them (IKEA, 2020).

To understand IKEA's business position, we will use market Audit tools like Ansoff's matrix, SWOT analysis and PESTLE to raise perceive however external factors influence organizations operations.

Ansoff's matrix

Ansoff's matrix could be a promoting coming up with tool that aids a business in decisive its product and market growth and explains however organization gain and retain market shares through one or combos of 4 completely different ways (Ansoff Matrix,2018)

Below is an analysis of IKEA's promoting techniques exploitation of Ansoff's matrix.

Market penetration	IKEA penetrates markets using their strong brand name and selling cheap, high quality and standardised products. They offer wide range of innovative designs and exploits economics of scale and huge distribution network (IKEA, 2020).
Product development	IKEA is continuously developing new products to sell to their existing markets; they have 12,000-product range with 2000 new products yearly. IKEA heavily investing in R&D, using unique franchising model and strategic partnerships (IKEA, 2020).
Market development	IKEA seeks to find new markets for the existing products; they plan to enter developing markets soon. IKEA heavily invests in technological solutions, consumer engagement to enjoy advantage over their competitors (IKEA, 2020).
Diversification	IKEA is developing new products to sell to new markets and IKEA restaurants and children play areas and day-care within furniture retail shops can be classified as an example of diversification.

Figure (6): IKEA analysis using Ansoff's matrix

SWOT analysis

SWOT analysis could be a compilation of the company's strengths, weaknesses, opportunities and threats to assist organizations develop a full awareness of all the factors concerned in creating a business call (Schooley, 2019).

Below is an analysis of IKEA's position exploitation SWOT analysis.

Strengths	Innovative and functional designs; products standardization; long-term planning, huge automated distribution centres; ability to furnish the entire home; adapting local market tastes; aggressive approach to sustainability; cost leadership; economies of scale; strong franchising system; long-term relationship with suppliers; strong global brand, direct interaction between design and manufacturing teams.	Weak marketing-advertising-promotions techniques; poor balance of low-cost products and good quality; limited Visibility, remotely located locations; relatively complicated furniture assembly; high delivery and assembly prices.	Weaknesses
Opportunities	Brand visibility improvement; strengthen their marketing activities; strengthen their online shopping experience; creating a platforms for furniture assembly training; worldwide demand for greener products; more demand for low prices; possible worldwide expansion; opportunities in R&D and innovation.	Emergence of substitute products; increased competition; increased trade barriers; shifts in consumer tastes; shortage of skilled workforce; damaged reputation due to a series of incidents, lack of differentiation, increasing costs of raw materials; global economics and financial crisis, economic impacts due to COVID-19	Threats

Figure (7): SWOT analysis of IKEA, Source: (Tyler, 2018), (Amine, 2015), (Leob, 2012), (Kelly-Detwiler, 2014), (PaulShepherd, 2020), (IKEA, 2020), (Frue, 2018, (Şahin, 2015), (Ringstrom,2020) and (Clifford, 2019).

PESTLE analysis

The abbreviation of PESTLE is political, economic, social, technological, legal, and environmental. It's an analytical tool accessible to corporations to see however external factors influence their operations and build them a lot of competition within the market (Hall, 2020).

Below can be a presentation of IKEA's external atmosphere using PESTLE.

Political	Exporting foreign goods in friendly/unfriendly and stable/unstable countries; countries attitude towards the foreign brands, corruption levels, bureaucracy, decision-making process and decision maker's mind-sets and political events and initiatives. Examples are Taiwan and china political issues, Indian approach "make in India" for foreign investors and BREXIT.
Economic	Exporting foreign goods in friendly/unfriendly and stable/unstable countries; countries attitude towards the foreign brands, corruption levels, bureaucracy, decision-making process and decision maker's mind-sets and political events and initiatives. Examples are Taiwan and china political issues, Indian approach "make in India" for foreign investors and BREXIT.
Social	Products can be standardized but culture can't; standardised culture cannot be forced to other cultures. Issue like homosexuality acceptance, using women in marketing in Islamic countries and marketing materials translation issues are serious matters to be considered.
Technological	Demand for online sales and customers interaction platforms, mobile applications, artificial Intelligence, cognitive Intelligence, robots, to core businesses.
Legal	Each country has its own unique laws and legal system with different levels of global integration of common interest subjects like safety, labour laws and human rights in countries laws and legislations. Things like the Indian regulation to source 30% of originations inventories from local sources, bad labours working conditions must be considered.
Environmental	Environmental challenges and sustainability are contemporary hot topics for all businesses. People awareness is increasing and their demand to change organizations behavior and account them for more responsibility towards the environment especially pollution, climate change, the use of recycled materials and renewable energy sources.

Figure (8): IKEA PESTLE analysis reviewed explained. Sources: (IKEA, 2020), (Sridharan, 2018), (Frue, 2018), (Limaye, 2018), (Shane, 2018), (Winsor, 2016), (Jeong-ho, 2018), (England, 2016), (BBC, 2015), (France24, 2012), (Quinn, 2012), (Griner, 2020),(Duken, 2013), (Prabhakar & Bureau, 2012), (Miller, 2016), (Gibson, 2019), (Frankel, 2020),(Staff, 2018), (Popper, 2011), (Reuters, 2015), (Doyle, 2015).

It is difficult to pitch a whole to a replacement market thanks to lack of brand name visibility, unforeseen market conditions, completely different economic and environmental rules and barriers. Moreover, organisations selling strategy and SWOT area units to be considered. once the previous analysis. I believe IKEA ought to specialise in the subsequent points (without neglecting different lesser ones):

- Revolutionize the selling activities to extend complete and product visibility retains current customers and gains additional.
- Capitalize the net sales platform, social media and mobile applications to reach a lot of on-line sales.
- Capitalize on the employment of recycled and eco-friendly materials and energy sources.
- Understand and respect utterly totally different cultural individuality and avoid getting concerned in politics and sensitive subjects.

- Establish a long-term relationship with intermediates in addition to existing franchising systems to cover heaps of geographic areas.
- Improve the long-run and shut distant partnerships with suppliers to maximize the social science of scale and lower costs.
- Capitalize extra on automation, R&D and innovation.
- Gain, train and sustain local human resources.
- Participate in further CSR initiatives like human rights, child labour, fighting poverty...etc.

The rest of the report can answer queries on the extent of IKEA adaption to external setting needs and conditions, the extent of capitalizing on their strengths and opportunities. The range of mitigating and minimizing their weaknesses and threats.

IKEA's Global marketing

Marketing is defined as "a social and social control mechanism through which individuals and groups achieve what they want and need by creating and trading products and value with others." (Kotler et al, 2005). World promoting is made public as "the firm's commitment to coordinate its promoting activities across national boundaries to search out and satisfy the world client wants higher than the competition" (Hollensen, 2017). Marketing coming up with will aid encountering structure, attitudinal, method and cognitive issues and supports structure progress and also the creation of competitive advantage (McDonald, 1992).

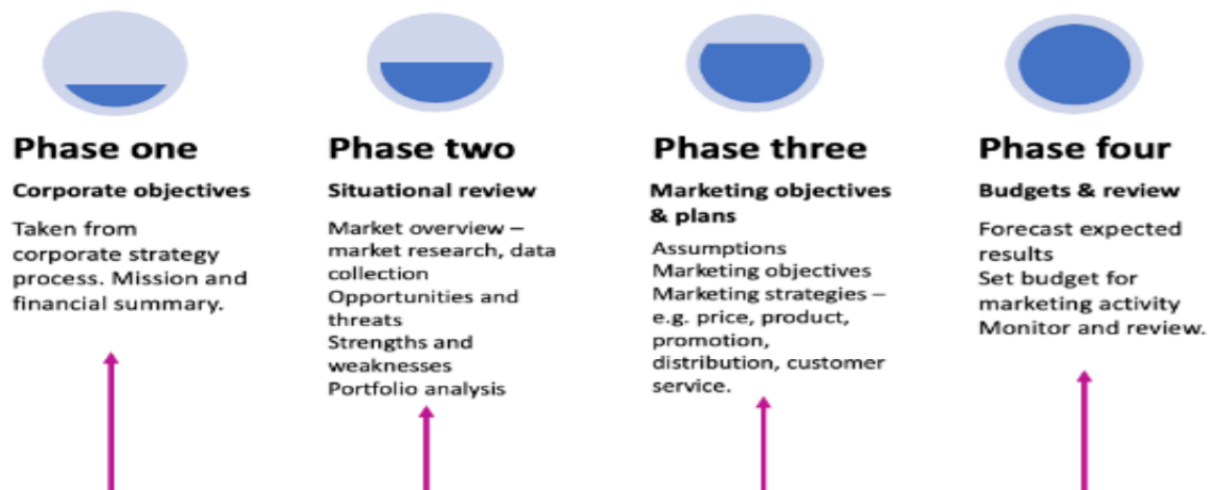


Figure (9): McDonalds marketing planning stages (university of York, 2020).

IKEA's Marketing Mix (4Ps)

"4P theory suggests that the marketing mix - the combination of the 4Ps - is greater than the sum of the parts. That is, all elements work together to position a product in the minds of the customer, consumer and wider stakeholders and lead to action"

- **Product**

IKEA provides 12,000 products with almost 2000 new and innovative products yearly, they can furnish a home from scratch, IKEA plans to be 100% circular products in 2030 using renewable/recycled materials (IKEA,2020). We can say that IKEA is also a service provider as they have restaurants and playgrounds.

- **Price**

IKEA is business based on cost leadership without compromises on quality, this is achieved through different cost reduction techniques like economies of scale, smart designs, top-down pricing, flat packaging, long-term relationships with suppliers, Figure (9): McDonalds marketing planning stages (university of York, 2020). 12 use of smart technology, R&D and innovation. (IKEA, 2020).

- **Place**

IKEA has 433 stores in 50 countries, all their showrooms are large and located out-of-towns with restaurants, food shops and Swedish market and children play area (IKEA, 2020). IKEA's supply-chain contains 1,800 suppliers in 50 countries and uses 42 trading service offices worldwide (TradeGecko, 2018). Approximately 22% of our range will be produced in China (IKEA, 2020). IKEA also exists in the digital world through online purchasing and social media. a

- **Promotion**

The IKEA brand is all about affordable prices. However, IKEA has different traditional and digital promotion channels like the physical and online catalogue, television, newspapers, different social media portals, sponsorships, and even critical review of journalists.

