

IKEA'S SUCCESS STORY OF BECOMING THE WORLD'S TRUSTED BRAND: A STUDY APPROACH

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IKEA'S SUCCESS STORY OF BECOMING THE WORLD'S TRUSTED BRAND: A STUDY APPROACH

PRIYANSHI SINGHVI , NIHAAL

IFIM College, Bengaluru

DR. VIDHYA PILLAI

Associate Professor, IFIM College, Bengaluru

Abstract

Ikea is a well-known Swedish furniture brand that has a presence across the globe. This case study focuses on IKEA's growth and how it has grown organically to become the world's most trusted furniture company which specializes in different varieties of household items. Further, the case highlights the strategies and retail marketing mix of IKEA.

Keywords: IKEA, Business, brand, market

Introduction

A brief overview of the Retail Industry

Businesses that sell products or services to customers directly are included in the wide category of the retail industry. This industry spans a vast range of product categories, such as apparel, electronics, food, and furnishings, and it includes a diverse spectrum of

merchants, from small independent shops to big international corporations. With retail sales making up a sizeable amount of consumer expenditure, the retail business plays a key role in the global economy. To stay competitive in this ever-changing business, retailers must keep up with consumer trends, preferences, and economic and technical advancements. Due to the disruption caused by traditional brick-and-mortar retail models brought about by the growth of e-commerce and online purchasing in recent years, the retail industry has undergone considerable changes. To give customers a seamless shopping experience, many retailers have had to adjust to these developments by creating online sales channels and upgrading their omnichannel capabilities. Overall, the retail sector is still a significant and dynamic one that is essential to both the daily lives of consumers and the global economy.

About IKEA

IKEA, a Swedish company with operations in 42 countries and around 59000 employees in Europe, employs close to 70000 people worldwide. It is one of the biggest furniture and home goods distributors in the globe. (Richard & Paul, 2005). It makes its furniture and sells it in stores

spread over the globe. Also, it offers its extensive collection in areas nearby its stores around the globe. It has gained notoriety for selling reasonably priced, high-quality furniture. Because the business buys in bulk and stores unassembled products, many of the items can be assembled by the customer at home. flat packing, which reduces the cost of transportation. This case study talks about the IKEA furniture company. It makes use of research that was done in the past on IKEA's marketing strategy. IKEA, a Swedish company, is one of the largest furniture retailers. It offers consumers Scandinavian-style furniture that is both inexpensive and of the highest quality. The company operates in several countries and employs roughly 76000 employees. It provides more than 12000 products to the global market for home furnishings. Its shops offer a wide range of products, including furniture, accouterments, and kitchenware. The company has made inroads into several countries in Europe, Asia, the Middle East, North America, and Australia. Customers have come from all around the world in great numbers.

Ingvar Kamprad started the Swedish global furniture store IKEA in 1943. Ingvar Kamprad Elmtaryd Agunnaryd, the Swedish village where Kamprad was raised, is referenced in the firm name. Today, IKEA is one of the largest furniture retailers in the world, with more than 400 stores spread over 52 countries. IKEA is renowned for its reasonably priced, useful, and fashionable furniture designs, which are frequently distinguished by minimalist aesthetics and straightforward, clean lines. The company offers a large selection of furniture, accessories, and home decor goods in addition to kitchen and dining items, bedding, textiles, toys, and furniture for kids. IKEA's flat-pack furniture design, which enables quick and inexpensive shipping and installation, is one of its primary advantages. Consumers can buy furniture and other items online or in-store, and then assemble them themselves at home using IKEA's assembly instructions. IKEA is dedicated to

sustainability and social responsibility in addition to its retail activities. The business has taken several steps to lessen its impact on the environment, including promoting sustainable production and consumption methods and employing renewable energy sources. Together with a strong commitment to ethical and social responsibility, IKEA also actively promotes inclusivity and diversity, fair labor standards, and ethical material sourcing.

Rise of the company

Scandinavian design concepts have a strong influence on the minimalist and contemporary style of IKEA furniture designs. Also, the company uses sustainable materials in its product design while minimizing production and packaging waste. Many elements, such as the following, have been cited as contributing to IKEA's climb to global success:

Innovative Business Model: IKEA's self-assembly furniture model enables the company to cut expenses associated with production and shipping, making their items accessible to a broad spectrum of customers.

Strong Branding: IKEA has developed a strong brand identity that connects with customers all over the world thanks to its familiar product designs and signature blue and yellow branding.

IKEA has effectively marketed its brand over the world by modifying its product line-up and marketing tactics to suit regional customs and preferences.

Customer Experience: IKEA's retail outlets are equipped with showroom displays, interactive displays, and a variety of goods and services to give customers a distinctive shopping experience. IKEA's success can be ascribed, in general, to its dedication to affordability, innovation, and sustainability, as well as to a strong brand identification and global expansion plan.

Business model

Ikea is a multinational furniture retailer that is well-known for its modern and affordable designs. The company's business model can be summarized in the following points:

Self-service: Ikea stores are set up so that customers may look through and choose things on their own. This lower staffing expenses and enables the company to charge less. The company's products are made to be conveniently packed and shipped in flat packages, which also lowers transportation expenses. Ikea has its own design team and production facilities, which enable the business to develop distinctive goods and keep command over the manufacturing process. Ikea makes mass purchases of materials and components, which enables the company to bargain for lower rates and keep a close eye on the supply chain.

Low prices: Ikea uses the aforementioned techniques to cut costs across the production and distribution chain to provide high-quality products at low rates.

Sustainability: Ikea is dedicated to environmental protection and has a target of becoming "climate positive" by 2030. The business strives to minimize waste throughout all aspects of its operations, uses sustainable materials, and creates goods with a lifetime in mind. Ikea's business strategy is often centered on effectiveness, cost containment, and sustainability, which enables the company to provide products at reasonable prices while upholding high standards of quality and design.

IKEAS retail marketing mix

Product: IKEA has always created unique strategies to handle the unstable business environment. IKEA offers the following products as part of its product line and product portfolio: (Indoor, outdoor, and storage) furniture (outdoor, indoor, storage) Babies' and children's products, kitchen and bathroom fittings, and objects connected to technology home furnishings, clothing and rugs, hardware, tools, and safety supplies, as well as items for cooking, decorating, and lighting. The company's product line consists of a little over 10,000 items, and roughly 2000 new ones are added each year. The company's excellent management structure and business plan deserve all the credit for the company's continuous price control. The above things have further versions and expansions because IKEA's product selection never ends.

Price: IKEA takes a unique stance on pricing. Even though they must pay higher prices, the quality that is provided to the customers makes them satisfied. The quality of the goods is reasonable given their price. Pricing is accurate, and IKEA's products are more competitively priced when compared to those of competing retailers. Flat packing is one economical method for reducing transportation costs. In addition to offering discounted prices, IKEA restaurants also accept freebies.

Place: IKEA is a multinational corporation with locations throughout 30 nations. Businesses are generally located outside of towns to provide customers with a hassle-free environment for shopping. Yet in recent years, IKEA has altered its approach and adopted a new concept for stores that are in crowded urban areas. There isn't much merchandise available in these stores.

For the past five years, online sales have increased, and buyers may now use pick-up sites, a new feature. The most important aspect is how the stores are designed. The design of the businesses is meant to entice you to hang out and shop for a while. The interior restaurant is the cherry on top, and the decor makes you feel comfortable and at home. They provide delicious food at reasonable pricing. Also, store customers might get some great home design ideas from the inside.

Promotion: IKEA uses several channels to sell its goods. Because it is distinctive, recognized, and most importantly, because it preserves a distinct value proposition, its marketing strategy is extremely successful. Each idea is carefully chosen to complement the brand's personality and provide the best experience for customers. All the product names and color schemes for the brand adhere to a unified, identifiable theme. To satisfy the particular needs and preferences of each consumer, a variety of items are offered. Products offer mass-market affordability and reusable durability. Sponsored content from creative partners increases the brand's exposure to new demographics. Each product is described in a way that will capture the interest of the buyer. However, the main tool used to boost sales and brand marketing is the catalog. Both offline and internet marketing techniques are used to promote the brand. It also runs open initiatives to increase brand recognition and attract more attention.

People: Ikea employees have specialized training so they can help customers understand the product. The sales team is crucial to the success of the company; they are trained to treat customers fairly and have a passion for home furnishings. Suppliers are an essential part of the business because they develop unique and innovative ideas for the products. Ikea has built a solid reputation by demystifying sustainability for ordinary people. The number of employees at the organization has increased over time, and relationships with them are great.

Process: Ikea offers a huge variety of goods and conducts business on all seven continents. The company operates its mills, creates high-quality products, and harvests wood for furniture. It has its production facilities and has developed technologies that take the ideas of sustainability and renewability into account. It also has a huge supply chain where it purchases products from suppliers and transfers them to retail stores or sends them online. The firm gives manufacturers access to its guidelines and code of conduct to reduce the number of final inspections.

Physical Evidence: The principal physical manifestation of the corporation is its big outlets and stores, which have trails laid out inside that direct customers to different parts. The layout of the stores keeps customers occupied and incentivizes them to explore every aisle. They also provide kid-friendly areas for comfort and eateries for snacks. Since most Ikea stores are located outside of cities, there are plenty of parking spaces and space for the store itself.

Challenges

Despite its success and popularity, Ikea faces several challenges, including:

Disruptions in the supply chain: Ikea, like many other businesses, has been impacted by the COVID-19 pandemic, trade tensions, and other issues. Delays, higher expenses, and decreased product availability may result from these interruptions.

Competition: Ikea is up against both conventional and internet furniture stores, some of which sell comparable items for less money.

Sustainability and environmental impact: While making considerable efforts to improve its sustainability, Ikea still has difficulties lowering its environmental effect and ensuring the ethical sourcing of products.

Ikea's labor policies have come under fire, with claims of low pay, unfavorable working conditions, and the use of forced labor in their supply chain. Customer preferences are always changing, making it difficult for Ikea to stay relevant and keep up with trends. Ikea has experienced rising competition from online merchants as the popularity of online shopping has grown. These businesses may provide customers with more convenience and lower prices. As a response, Ikea increased its online presence and made investments in e-commerce capabilities. Ultimately, even though Ikea has previously succeeded in overcoming many of these obstacles, the business must continue to innovate and adjust to shifting market conditions to keep its position as a top furniture retailer.

Road ahead

The road ahead for IKEA will require the company to continue innovating and adapting to changing market conditions, while also addressing key challenges and opportunities. Some of the key areas that IKEA may focus on in the coming years include:

Sustainability: IKEA has established challenging sustainability objectives, such as becoming climate positive by 2030. The business will need to keep investing in renewable energy, sustainable materials, and circular business models to meet these objectives. **E-commerce:** IKEA will need to keep making investments in e-commerce skills and growing its online presence in light of the popularity of online purchasing. This may involve combining online and offline channels and creating new digital tools to improve the consumer experience.

Customer experience: IKEA has always prioritized offering a distinctive and interesting shopping experience. The business will need to keep inventing and coming up with new methods to interact with customers and improve the shopping experience as consumer preferences and habits change. **Innovation:** With everything from its flat-pack furniture to its in-store restaurant concept, IKEA has a long history of innovation. The business will need to keep spending money on R&D, as well as investigating new product categories and business strategies, to stay ahead of the competition. **Social responsibility:** IKEA has already come under fire for its supply chain management and labor policies. The business will need to keep strengthening its social responsibility procedures and assuring moral labor and material sources.

IKEA will need to uphold its essential principles while also embracing innovation and responding to shifting market conditions to succeed in the future. IKEA may continue to

prosper in the coming years by maintaining its focus on sustainability, e-commerce, customer experience, innovation, and social responsibility.

EXHIBITS

Exhibit 1: IKEA's Sustainable Initiatives

1. Sourcing materials from sustainable sources.
2. Designing durable and long-lasting furniture
3. Encouraging customers to recycle their old furniture.
4. Offering recycling services at stores.
5. Goal to become a circular business by 2030.

Exhibit 2: Products of IKEA

1. Furniture in the hall, beds, and wardrobes.
2. Dining tables and chairs
3. Bookcase
4. Bathroom accessories
5. Kitchens
6. Desks and chairs
7. Curtain materials
8. Garden furniture
9. carpets
10. Lighting
11. Pillows and cushions
12. Boxes, wall decor, photographs and frames, clocks, etc

EXHIBIT 3: Initiatives of IKEA

Becoming climate positive Reduced the IKEA value chain's climate effect by 12% in FY22 as compared to the baseline year FY16.

IKEA pledges to use only electric heavy-duty vehicles.

IKEA takes the initiative to combat air pollution.

IKEA joins together with four other international corporations and pledges to EV 100+ to switch to electric trucks with zero emissions by 2040.

At today's Science Day at COP27, IKEA unveiled the first-ever guide to measuring air pollution across value chains. The Climate & Clean Air Coalition and the Stockholm Environment Institute (SEI) worked together to develop the recommendations (CCAC).IKEA established a benchmark using the recommendations and urges other

companies to join the Coalition for Clean Air to support healthy air and the environment.

IKEA introduces a new initiative to hasten suppliers' switch to renewable electricity.

Almost two-thirds of IKEA's climate footprint is caused directly by its supply chain, including supplier manufacturing. IKEA today announced a plan to source all of its electricity directly from renewable sources, especially in areas where it is currently difficult to do so.

Resources being renewed. IKEA wants to grow its company while replenishing its

resources by the year 2030. It aims to only use ethically sourced, renewable, or recycled materials in its products because it wants to make a difference by replenishing resources, protecting ecosystems, and boosting biodiversity.

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