Strategies Adopted in the International Market

*The case of IKEA in France*

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Authors: Damien BADIER and Carole ROUSSET

Supervisor: Desalegn ABRAHA

Examiner: Marianne KULLENWALL
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The case of IKEA in France

This thesis is submitted by Damien Badier and Carole Rousset to University of Skövde for the Bachelor Degree in Business administration, in the School of Technology and Society.

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We certify that all materials in this thesis which is not our own work has been identified and that no material is included for which a degree has previous been conferred on us.

Signature:

Damien Badier                    Carole Rousset
ABSTRACT

This Bachelor degree thesis deals with the strategies that IKEA has adopted in France since its establishment up to now. It is essentially based on interview with the person responsible for the public relations of IKEA France. But, other sources were used concerning our empirical findings: IKEA’s brochures, surveys from researchers… The purpose of the thesis is to explain and illustrate how a company succeeded to establish abroad, by applying a domestic concept. This issue is of importance because it provides information for the reader who would like to know how a company can be export all over the world by adapting its policy to the local specificities. It identifies and gives explanations about the marketing strategies implemented to export the IKEA concept to the French market.

The research was conducted using the case study method. It is based on primary and secondary data. Secondary data collected from IKEA’s brochures and survey research results and primary data collected through interviews with the person responsible for the public relations of IKEA France.

The applied theoretical model is based upon the concepts of standardization and adaptation and also the SWOT analysis that are discussed in the theoretical framework part of our thesis.

The results of the research show that, IKEA prefers standardization to adaptation: it sells, with some exceptions, the same products in its stores. But, about the place of establishment of the stores in France, Ikea was forced to adapt to the sites and especially to the ways of life of the inhabitants. The distribution varies and cultural adaptation too.

As IKEA claims to standardize its products to people, the communication is important to make change people attitudes and style of interior for example. It is necessary to show people, who think that Ikea is not for them, that Ikea is not what they think. So, the last section of our thesis is devoted to the communication strategy. The advertising execution is clearly integrated to the IKEA strategy.
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1. Introduction

1.1. Background

The Ikea Swedish chain began as the vision of one enterprising young man. As a boy, Ingvar Kamprad used to purchase matches in Stockholm and then sell them to people in his native rural town of Agunnaryd at a discount price. Eventually, he applied his concept from matches to mattresses and home furnishings, all at discount prices but without sacrificing quality.

IKEA was founded in 1943 when Kamprad was only 17 years old. According to the international IKEA’s website, the first store opened in Sweden in 1958. IKEA is an acronym: the first two letters reflect the founder’s name: Ingvar Kamprad. The last two letters are for the name of the family farm and the town the founder grew up in: Elmtaryd and Agunnaryd. (website: http://fr.wikipedia.org/wiki/Ikea)

At first, the furniture at IKEA was more or less the same as that offered by other manufacturers in the area. The breakthrough that led to the “do it yourself” style of flat packed furnishings came when Ingvar and a designer were trying to pack a table but were struggling with the amount of space it was taking up. In frustration the designer exclaimed “Let’s pull off the legs and put them underneath”. Once this was done, it fit neatly into the car and the rest is history (From www.ikea.com).

The IKEA concept is one of the most studied business cases of the century. Some books or TV documentary explain in France in detail this success story. It was born in 1965, when the largest IKEA store was opened in Stockholm. Nobody was expecting hundreds of people waiting to get into the store, so the managers decided to allow people to enter the warehouse and help themselves. That was the origin of IKEA’s low prices: purchasing as inexpensively as possible and flat-packing furniture for customers to put together themselves. Then, this concept was exported in another country first in Europe and then in others continents. The first store was opened in France in 1983 in Evry (30km from Paris).

IKEA has grown rapidly in recent years to become one of the world’s largest retailers of home furnitures. In its initial push to expand globally, IKEA largely ignored the retailing rule that international success involves tailoring product lines closely to national tastes and preferences (Bertil Torekull in his book “un design, un destin, la saga IKEA”, 2000).

Instead, IKEA stuck with the vision, articulated by founder Kamprad that the company should sell a basic product range that is "typically Swedish" wherever it ventures in the world. The
company also remained primarily production oriented; that is, the Swedish management and design group decided what it was going to sell and then presented it to the worldwide public, often with very little research as to what the public actually wanted. Moreover, the company emphasized its Swedish roots in its international advertising, even going as far to insist on a "Swedish" blue and yellow colour scheme for its stores.

1.2. Problem discussion

The general problem of this study can be stated as the following:

**What strategies can a company use to export a concept developed for the domestic use to foreign markets?**

The general problem leads to the following sub-questions:

- What is the main IKEA concept?
- What are the IKEA’s specific marketing mix components?
- What marketing strategies have been adopted and implemented to export the IKEA concept in France?

1.3. Purpose

Ikea is a world company operating in more than forty countries. This thesis attempts to explain and illustrate how a company succeeded to establish abroad, by applying a concept developed for the domestic market. By doing a thoroughly detailed research, information will be provided as to illustrate how a company can export its domestic concept to foreign market and adapt its policy to the local specificities.

For a variety of reasons, the world is on its way to becoming a single market for goods, capital and commercial services. In this current situation of globalization, companies want to diversify their purchasers and to increase their market share. The goal of this research is to give information to managers or executives who would like to establish their company abroad. IKEA could become a model for those persons.

Ultimately, the purpose of this thesis is to provide adequate knowledge and to deepen our understanding of transferring a certain concept developed for domestic use, to the international market.
1.4. Limitations

Certain limitations are done in this thesis. There are four limitations which are area, company, period of time and the applied theory. First, this thesis is mainly focused on the marketing of IKEA. The company will be introduced briefly to the reader and its current situation will be explained. The marketing situation will be emphasized on. Secondly, the area will be limited. Even if this thesis explains the international establishment, it mostly studies the case of France. About the period of time, the research will be limited in the last decades whereas IKEA exists in Sweden since 1943. As the first store in France was founded in 1983, the studied period of time will be limited from 1983 to the current year of 2007.

2. Methodology

In this section, the research method and data collection techniques are presented and discussed.

2.1. Research Methods

2.1.1. Induction and deduction

Deduction is based on logic. On the other hand, induction is based on empirical observation and evidences. The main difference between these two ways of thinking is, while the deduction process begins with theories and hypothesis, induction process starts from observations (Ghauri, Gronhaug and Kristianslund, 1995, p.83)

In this report, both induction and deduction methods are applied. For example, by interviewing IKEA’s managers and executives, information will be obtained. This is an induction process. This thesis also uses deduction when the authors start the study with theories and hypothesis about marketing analysis.

2.1.2. Explorative, descriptive and causal research

It is important to apply on appropriate research methods and data collection techniques. Three research methods will be discussed here:

- The first one is explorative: this method requires being able to collect a lot of information, to observe and to conduct explanation. (Cf. Ghauri and Gronhaug 2002)
- Secondly, the descriptive research focuses on describing events. It consists on describing what we see, what we analyse. (Cf. Ghauri and Gronhaug 2002)
• Causal research consists on finding links between cause and effects. A question in a causal research could be for example: Does a firm’s pricing strategy depend on the localization of the subsidiaries? (Cf. Ghauri and Gronhaug 2002)

In this thesis, the explorative research method is applied in an attempt to find information about the marketing strategies adopted by IKEA and the success of a new subsidiary’s establishment.

In this thesis, a descriptive method will be applied to describe the components of the IKEA’s marketing mix and marketing strategies to be able to understand what are the key-concept of this success.

Our thesis uses a combination of the three methods.

2.2. Quantitative and qualitative research

According to Jankowicz (1991), research methods refer to systematic, focused and orderly collection of data for obtaining information from them, to answer the research problem. The methods of data collection differ from techniques of data collection. Method means data collection through historical review and analysis, surveys, while technique means a step-by-step procedure to follow in order to gather data and analyse them for finding the answers to the research question. The main difference between these two methods is the “procedure” (Cf. Gauri and Gronhaug, 2002).

There are two types of research methods, qualitative and quantitative methods. To justify which type of research fits this thesis best, these two types of research methods will be discussed.

This thesis combines both methods.

2.2.1. Quantitative research methods

Quantitative research methods seek to quantify data and are used in conducting formal analysis on variables that are possible to quantify (Malhotra, 1996). Questions are more formalised and structured. A typical example of quantitative research is a survey. Quantitative methods information will be gathered about a group of individuals, in order to be able to generalize about the population.
2.2.2. Qualitative research methods

There are three major components of qualitative research (Becker, 1970; Miles and Huberman, 1994; Strauss and Corbin 1990). First is data, which are often collected through interviews and observations. Second is interpretative procedure, the techniques to conceptualize and analyse the data to arrive at findings. And third is the report (written or verbal). The aim is to have a clear understanding of the complex situation and to clarify the overall connection between the factors (Holme & Solvang, 1991).

The exploratory and qualitative researches are linked. Indeed, the exploratory research is used when the problem under scrutiny is only partly understood. A variety of approaches can be chosen in order to obtain a better understanding.

The thesis uses the qualitative method. The reason is to analyse the international marketing strategies, to have a better understanding of the reasons of the successful establishment of IKEA in the world and especially in France.

2.3. Primary and secondary data

2.3.1. Secondary data

The first type of data is secondary data which already has been gathered (published data) and therefore can be used. Examples of secondary data are issued statistics, investigations, catalogues, newspapers etc. It is important to investigate if the information found is up to date (Gauri and Gronhaug, 2002 p 76).

The advantages of a secondary data is that it is easier to collect and not an expensive type of data. Therefore it is common to use the secondary data as a base in a research and then compliment it with primary data. Primary and secondary data have to be gathered in order to achieve satisfactory result.

The following secondary sources are used for our thesis:

- Catalogues of home furniture in France
- Internet:
  1/ official IKEA’s web site
  2/ sites and web pages about IKEA
  3/ data about marketing mix usually adopted for home furnishing companies

In this thesis, both primary and secondary data are used.
2.3.2. Primary data

Primary data consists of information not yet gathered. Indeed it is first hand information that is used as a base for the research and the conclusions. Primary data can be used as decision-making material. Questionnaires and interviews will be presented in this section.

2.3.2.1. Questionnaires

A questionnaire is used to collect quantitative data, but open-ended questions can be used to collect qualitative data (Kinnear, Taylor, 1996). A questionnaire specifies what type of information is required. A researcher can use questionnaire for personal interview, telephone interview and mail questionnaires.

A self-administered questionnaire is appropriate when its purpose is easily explained and when the instructions and questions are straightforward. Questionnaires are relatively cheap (compared to interviews) so they allow a large sample, as well as wide geographical distribution. With self-administrated questionnaire, a large amount of data can be collected in a relatively short time. However, self-administered questionnaire is not appropriate if complex in-depth data is required or where it is important to let the respondent modify and develop their own opinions and thoughts. (Williamson, 2002)

2.3.2.2. Interviews

The most appropriate technique for collecting qualitative data is interview and is often considered the best data collection methods (Ghauri, Gronhaug, 2002). To be able to run the interview efficiently and without any disturbances, the researcher needs to know the respondent, his background, values and expectations.

There are two different types of interviews, structured and unstructured. The first one is conducted by survey research. The second type allows the respondent to give almost full liberty to discuss reactions, opinions and behaviour on a particular issue. According to the literature, semi-structured interviews could be as well being identified as a combination between, these two types of interview. Semi-structured interviews are conducted when people to be interviewed and questions to be asked have been determined beforehand.
This study uses the semi-structured interview through mail, which is an appropriate technique research for this thesis. The primary data consists of an interview to the French IKEA’s managers and executives.

3. Theoretical Framework

In this section, the theoretical framework will be discussed. It means the relevant concepts and theories upon which the thesis is based on will be discussed. First, the SWOT analysis will be explained and later the marketing mix will be discussed. And, last but not least, we will introduce the notion of standardization and adaptation.

But before, the concept of “strategy” must be explained. The concept of strategy has been borrowed from the military and adapted for use in business. A strategy is a long term plan of action designed to achieve a particular goal. There are been many attempts to define strategy, and there are many schools of strategy development.

3.1. The SWOT analysis

In order to find the successful strategies to establish in France, IKEA needed to do a SWOT analysis.

SWOT Analysis (http://en.wikipedia.org/wiki/SWOT_analysis) is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture or in any other situation of an organization or individual requiring a decision in pursuit of an objective. It involves monitoring the marketing environment internal and external to the organization or individual. The technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s using data from the Fortune 500 companies.

3.1.1. The strategic and creative use of SWOT analysis

- Strategic Use: Orienting SWOTs to an Objective. If SWOT analysis does not start with defining a desired end state or objective, it runs the risk of being useless. In this thesis, the SWOT will help to understand the marketing strategies implemented by IKEA. A SWOT analysis may be incorporated into the strategic planning model. An example of a strategic planning technique that incorporates an objective-driven SWOT analysis is scan analysis.
(scan the firm inside and its environment). Strategic Planning, including SWOT and scan analysis, has been the subject of much research (website: wikipedia.com).

If a clear objective has been identified, SWOT analysis can be used to help in the pursuit of that objective. In this case, SWOTs are:

**Strengths:** attributes of the organization that are helpful to achieving the objective.

**Weaknesses:** attributes of the organization that are harmful to achieving the objective.

**Opportunities:** *external* conditions that are helpful to achieving the objective.

**Threats:** *external* conditions that are harmful to achieving the objective.

All of those four notions are given in the diagram below:

**Definitions of SWOTs**

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<thead>
<tr>
<th></th>
<th>Helpful to achieving the objective</th>
<th>Harmful to achieving the objective</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td>Strengths</td>
<td>Weaknesses</td>
</tr>
<tr>
<td>(attributes of the organization)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>External</strong></td>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>(attributes of the environment)</td>
<td></td>
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Figure 1: SWOT Matrix (http://en.wikipedia.org/wiki/SWOT_analysis)

Correct identification of SWOT is essential because subsequent steps in the process of planning for achievement of the selected objective are to be derived from the SWOT analysis.

First, the decision makers have to determine whether the objective is attainable, given the SWOTs. If the objective is NOT attainable a different objective must be selected and the process repeated.

**Creative Use of SWOTs.---** (http://en.wikipedia.org/wiki/SWOT_analysis) If, on the other hand, the objective seems attainable, the SWOTs are used as inputs to the creative
generation of possible strategies, by asking and answering each of the following four questions, many times:

1. How can we Use each Strength?
2. How can we Stop each Weakness?
3. How can we Exploit each Opportunity?
4. How can we Defend against each Threat?

Ideally a cross-functional team or a task force that represents a broad range of perspectives should carry out the SWOT analysis. For example, a SWOT team may include an accountant, a salesperson, an executive manager, an engineer, and an ombudsman.

3.1.2. Internal and external factors

(From the website: http://en.wikipedia.org/wiki/SWOT_analysis)

The aim of any SWOT analysis is to identify the key internal and external factors that are important to achieving the objective. SWOT analysis groups key pieces of information into two main categories:

- Internal factors - The strengths and weaknesses internal to the organization.
- External factors - The opportunities and threats presented by the external environment.

The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The factors may include all of the 4P's that we will explain in the next part; as well as personnel, finance, manufacturing capabilities, and so on. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position. The results are often presented in the form of a matrix.

SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade companies to compile lists rather than think about what is really important in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

It is prudent not to eliminate too quickly any candidate SWOT entry. The importance of individual SWOTs will be revealed by the value of the strategies it generates. A SWOT item
that produces valuable strategies is important. A SWOT item that generates no strategies is not important.

3.1.3. Examples of SWOT


- **Strengths and Weaknesses**
  - Resources: financial, intellectual, location
  - Customer service
  - Efficiency
  - Infrastructure
  - Quality
  - Staff
  - Management
  - Price
  - Delivery time
  - Cost
  - Capacity
  - Relationships with customers
  - Brand strength
  - Local language knowledge
  - Ethics

- **Opportunities and Threats**
  - Political/Legal
  - Market Trends
  - Economic condition
  - Expectations of stakeholders
  - Technology
  - Public expectations
3.2. The Marketing Mix (The 4 P's of Marketing)

(Website: http://en.wikipedia.org/wiki/SWOT_analysis)

Marketing decisions generally fall into the following four controllable categories:

- Product
- Price
- Place (distribution)
- Promotion

The term "marketing mix" became popularized after Neil H. Borden published his 1964 article, *The Concept of the Marketing Mix*. Borden began using the term in his teaching in the late 1940's after James Culliton had described the marketing manager as a "mixer of ingredients". The ingredients in Borden's marketing mix included product planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. E. Jerome McCarthy later grouped these ingredients into the four categories that today are known as the 4 P's of marketing, depicted below:

![Figure 2: The Marketing Mix (From the website NetMBA.com)](image)

These four P's are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions
that centre the four P's on the customers in the target market in order to create perceived value and generate a positive response (from website: NetMBA.com).

3.2.1. Product Decisions

(from: http://www.netmba.com/marketing/mix/)

The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:

- Brand name
- Functionality
- Styling
- Quality
- Safety
- Packaging
- Repairs and Support
- Warranty
- Accessories and services

3.2.2. Price Decisions

(from: http://www.netmba.com/marketing/mix/)

Some examples of pricing decisions to be made include:

- Pricing strategy (skim, penetration, etc.)
- Suggested retail price
- Volume discounts and wholesale pricing
- Cash and early payment discounts
- Seasonal pricing
- Bundling
- Price flexibility
- Price discrimination
3.2.3. Distribution (Place) Decisions

(from: http://www.netmba.com/marketing/mix/)

Distribution is about getting the products to the customer. Some examples of distribution decisions include:

- Distribution channels
- Market coverage (inclusive, selective, or exclusive distribution)
- Specific channel members
- Inventory management
- Warehousing
- Distribution centers
- Order processing
- Transportation
- Reverse logistics

3.2.4. Promotion Decisions

(from: http://www.netmba.com/marketing/mix/)

In the context of the marketing mix, promotion represents the various aspects of marketing communication, that is, the communication of information about the product with the goal of generating a positive customer response. Marketing communication decisions include:

- Promotional strategy (push, pull, etc.)
- Advertising
- Personal selling & sales force
- Sales promotions
- Public relations & publicity
- Marketing communications budget

3.2.5. Limitations of the Marketing Mix Framework

(from: http://www.netmba.com/marketing/mix/)

The marketing mix framework was particularly useful in the early days of the marketing concept when physical products represented a larger portion of the economy. Today, with
marketing more integrated into organizations and with a wider variety of products and markets, some authors have attempted to extend its usefulness by proposing a fifth P, such as packaging, people, process, etc. Today however, the marketing mix most commonly remains based on the 4 P's. Despite its limitations and perhaps because of its simplicity, the use of this framework remains strong and many marketing textbooks have been organized around it.

3.3. Standardization versus adaptation

(From the following website: www.lut.fi/kati/courses/kv-markkinointi/090246000/Standardization%20versus%20adaptation.ppt)

We need to know the different existing manner of product’s exportation to France. There are two ways for this: standardization and adaptation. But, what are those two marketing notions? Advocates of standardization claim that global market segments are emerging. The major benefits from standardization are economies of scale and consistent brand image. Advocates on adaptation claim that the difference between cultures is so vast that standardization is not possible and that it results in losing competitive advantage and lower sales. However, adapting advertising into each market increases costs and decreases synergies across markets.

The decision whether to standardize or adapt the international advertising will depend on the circumstances that the company confronts within a particular foreign. One goal of our thesis is to know if IKEA had adopted the standardization or the adaptation of their product to the French Market. And, if both of these two notions are used, we will emphasize on which one is the most important.

4. Presentation of the firm studied

First of all, we begin this fourth part by introducing the IKEA’s concepts. The concept is very important in our thesis because we need to know if the IKEA Swedish concept is the same as in France or not.

4.1. IKEA concepts

IKEA values are simplicity, honesty and humility (secondary data: IKEA website: www.ikea.com). It is not a company for one’s dreaming of a big corner office, the personal secretary, first or business class travel, special parking spot or similar perks. In Didier Bardin’s study, he writes that IKEA is for people who enjoy simplicity, fun and treating
everyone, no matter what position, with the utmost respect. That is fundamental concepts which distinguish IKEA from the others furniture stores. Moreover, the concept has changed years after years. Indeed, the original concept is born in the 50’s and is actually the same as today.

IKEA’s conservation efforts reach store shelves, as well. Its product assortment is flush with items made from recycled materials. (http://www.geocities.com/TimesSquare/1848/ikea.html) The company's recent product line includes a table made from birch heartwood, a part of the wood normally discarded by manufacturers, and a storage system made from recycled milk cartons.

According to Ingvar Kamprad, the founder of Ikea; "To design a desk which may cost $1,000 is easy for a furniture designer, but to design a functional and good desk which shall cost $50 can only be done by the very best. Expensive solutions to all kinds of problems are often signs of mediocrity.” Costs are kept under control starting at the design level of the value-added chain. Ikea also keeps costs down by packing items compactly in flat standardized embalages and stacking as much as possible to reduce storage space during and after distribution in the logistics process (Economist, 1994: 101) and (http://www.geocities.com/TimesSquare/1848/ikea.html).

And IKEA puts its money where its mouth is regarding its corporate mantra of bringing quality, yet affordable, home furnishings to the masses. The retailer lowers its price across its product offerings by 2% to 3% every year. For instance, Emmanuelle Robin explained us that the Klippan sofa, one IKEA’s product, was $354 in 1999 and, now, is retailed for $202.

At IKEA, every concept takes the everlastingness of the group into account. It means that IKEA’s manager try to have an organisation and a strategy which permit both independence and security in a long-run perspective of the group.

Maintaining a strong IKEA culture is one of the most crucial factors behind the continued success of the IKEA concept,” IKEA’s founder Ingvar Kamprad once said. (http://www.celemi.com/site/clients/documents/IKEAcase.pdf)

Strengthening the culture of an organization requires people to understand and translate values and concepts into the right daily behaviours and actions.
4.2. The situation of IKEA in the world

(From IKEA’s official website)

IKEA is the first retailer in the world furnishing markets. In the last financial statement, IKEA give to its public some information and key numbers. The number of visitors is considerable: more than 400 millions per year. The turnover in 2005 is about 14.8 billions of euros and is still increasing from 1995 up to 2005 (almost an increase of 270 % in 10 years).

![Figure 3: sales from 1995 to 2005](image)

The responsible we contacted in France told us that there are 230 stores all around the world (Europe, America, Asia and Oceania) in more than 40 countries. In the next pie charts contained in an IKEA’s brochure given by our contact, we have the repartition of the sales: 4€ out of 5 comes from Europe.

![Figure 4: proportion of purchasing and sales by region](image)

We count a little bit more than 90,000 people who work for IKEA all over the world.
And last but not least, their catalogue is published in 150 millions copies (46 editions and 25 languages).

The IKEA concept quoted above has evolved over more than 50 years and the result today is a strong, tried and tested concept, which is being enhanced and further developed every day all over the world. (http://www.celemi.com/site/clients/documents/IKEAcase.pdf)

### 4.3. The furniture market

The largest furniture market was the EU-25 zone with a total apparent consumption of 95.6 billion Euros or 210 Euros per inhabitant. The imports from third countries represented 9.5% of the EU market (but 13% in volume). The level of consumption is quite different from country to country with consumption in Nordic and German-speaking countries exceeding 300 Euros per inhabitant and the new member states with a consumption of around 50 Euros per inhabitant (OECD statistics, 2004)

The second largest furniture market is the NAFTA zone with a total of 69.7 billion Euros. Imports in this zone have a 32% market share. Imports from Asia accounted for 20% of the market and from EU for 5%. Per inhabitant some 165 Euros worth of furniture are annually consumed.

The furniture market in Asia amounted to 38.5 billion Euros. The Japanese market represented 50% and the Chinese one 17% (15% in 2002).

In Latin America, the apparent consumption amounted at 4.4 billion Euros or 8 Euros/inhabitant. Brazilian market accounts for 65% of the total.

Ikea is one of the most famous brands on the world. Its notoriety is very important and this brand has a real « capital sympathy ». As the notoriety statement from Brandchannel publication (secondary data) shows us, IKEA has a solid reputation. In instance, in Europe, it is the most famous brand those last years beyond Virgin and Nokia.
In an unstable market, IKEA grows. Its notoriety increases and IKEA is one of the favourite French’s brands.

### 4.4. Trends

Before, thanks legacy, people received furniture. They were a family heritage, emotional objects, with a history. Today, pieces of furniture are just consumer’s objects, and change very often, as clothes or cars. People modify their interiors when a new fashion comes or just because they want to change.

IKEA contributes for this trend. Indeed, this store proposes furniture in kit form, not very solid, but with a pretty design very fashion and contemporary.

### 5. Empirical Findings

This section presents data which come from many different sources: books, interview, web sites, survey… Obviously, this section presents the secondary data before presenting the primary data. The empirical findings will be followed by analysis. Finally, appropriate conclusions will be drawn in order to answer to the research questions.
5.1. The French Market

IKEA established for the first time outside Scandinavia in 1973 in Switzerland (information taken from the French website of IKEA in the section “Tout sur IKEA” (“everything about IKEA”) and the sub-section “espace étudiant” (“for student”)). One year later, IKEA entered Germany. As these establishments were successful, at the beginning of 80’s, the company decided to deepen its presence in Western Europe by operating in France. When IKEA arrived in France in 1983, it was a small revolution. Baby-boomers were thirty years old. From the survey of Didier Bardin called “Etude du marché de l’ameublement en 1981”, this segment was IKEA’s target as it could succeed by serving it. Quickly, IKEA took an important market share in the furnishing market.

5.1.1. Key facts

Key facts are presented in the booklet given to people who are hired. The household furniture market is closely linked to the wood industry, which provides material for two thirds of furniture produced. For the remaining products, the industry relies on metals and plastics. Household furnishing outlets represent the most important distribution outlets in terms of furnishing sales with 26% of the market and their hold on the market is growing due to the cheap prices they can offer.

The sales turnover 2003/2004 (closed end August) flew away of almost 14% to more than one billion euros. France is the fourth furnishing markets in Europe with total sales turn over of 8.67 billion euros. There are 7.1 millions households who buy furnishing materials with an average budget of 1.234 euros. Whereas the whole sector of the home furnishing is actually decreasing, the sector of the home furnishing for young people is increasing. IKEA tries to take advantage of this situation.

Finally, the structure of the French home furnishing market is as follow:

![Figure 7: structure of the French home furnishing market](image-url)
5.1.2. Strategy
IKEA, the number three of the piece of furniture in the Hexagon (8.8% of shares of market) behind Conforama and But, intends to continue its growth by opening 4 stores, including one in the Parisian area (Val d’Oise). Ikea France will create 1000 jobs in the next year. The investment will reach some 200 million euros.
The company is keen to expand further as at present only one from three people can get to one of its stores easily. The chain hopes to open three or four new stores per year, and eventually to operate around 40 outlets. Today, there are 20 stores in France.

5.1.3. Target
After the interview with the French manager (primary data), we can say that nowadays, French consumers prefer to buy smaller furniture and to be able to change it more than once within their lifetime. In addition, a new trend has appeared over the last few years through a personalisation of interior furniture. People prefer buying separate elements in order to create their own interior, without necessarily relying on specialist advice. Over the last decade, the entrance of mostly young households able to buy modern designs at a reasonable price has rejuvenated the market and the trend for ancient and rustic furniture has decreased.

5.1.4. Product and service adaptation
The interview has given us the following information. IKEA aims to lower the prices of its products/services across its entire offering by an average of 2% to 3% each year. It goes deeper when it wants to hit rivals in certain segments: The retailer looks at competitors, takes their price, and then slashes it in half.
In France, people value 'cheapness' a lot more than in Scandinavian countries where people are used to high prices, so IKEA knows they can't set the price high in this country because no one would buy something there then.

5.1.5. Competition
Twenty years later, IKEA has competitors such as Fly and Habitat, meanwhile But and Conforama, that represent 25% of the market, have stagnated. But and Conforama are close brands: their catalogues, their showrooms, their furniture, their advertisings, etc… are nearly similar.
Competitors are presented in the appendix 9.2. Briefly, we are going to introduce the main competitors of IKEA.

Conforama is the generalist shop for the living. Its strategy is oriented towards low price and on exhaustive offer, in terms of products, ranges, and styles. This company has the biggest market share. Its positioning is very close to But.

But is a brand which has built its notoriety on price (cf signature: the fair price). Thus, the institutional level has never been a priority for But. However, 2003 sets an important change: But looks after a more consistent positioning and invest for the first time the institutional territory. This firm is the second most important in the French furniture market.

Then, we have three smaller companies: Habitat, Fly and Roche Bobois. Habitat proposes products which develop interior of house. They are good quality and designed. Fly is a successful brand with the young provincial household. After having being completely focused on price, the brand now develops a more qualitative speech, focused on price and design. Fly builds its claim on the personal touch (« That is you, that is beautiful »). Roche Bobois has a different positioning and its target is upper-class households. It is the most communicative shop among the up-market brands.

5.2. The International marketing strategy

IKEA is designed to be easily exported all over the world and it will be presented in four parts.

5.2.1. Positioning

As Ms Robin told us the IKEA's business idea is “To offer a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.” And their market positioning statement is “Your partner in better living. We do our part, you do yours. Together we save money.” Besides, Ms Robin explained that the company targets the customer who is looking for value and is willing to do a little bit of work serving themselves, transporting the items home and assembling the furniture for a better price. The typical Ikea customer is young low to middle income family.
“Ikea's strategic positioning is unique: few furniture retailers anywhere have engaged in long-term planning or achieved scale economies in production. European furniture retailers are much smaller than IKEA. Even when companies have joined forces as buying groups, their heterogeneous operations have made it difficult for them to achieve the same degree of coordination and concentration as IKEA. Customers are usually contented to wait for delivery of furniture, so retailers have not been forced to take purchasing risks.

The value-added dimension differentiates IKEA from its competition. IKEA offers limited customer assistance but creates opportunities for customers to choose transportation and assemble units of furniture.

5.2.2. Ten points for the development strategy

An important development strategy for the group was established in 1999 – ten jobs in ten years 2001-2010. This strategy is a decision making material (primary data) and coincided with the establishment of the EWC (European working conditions) in 1999 and has been a recurrent item on the agenda. The ten jobs are a mix of economic, technological and social activities and comprise of the following points:

1. Developing a strong and vital range
2. Offer outstanding sales prices
3. Improve meeting with our customers
4. Continue to reduce purchase prices and improve product quality
5. Develop a logistic efficiency in the whole pipeline
6. Attract, develop and inspire our people
7. Be one IKEA
8. Become leaner, more simplified and quicker
9. Take responsibility for our suppliers, their co-workers and for the environment
10. Keep the culture of IKEA a strong living reality

Also based on these jobs a worldwide strategy has been formulated and implemented including recruitment, succession planning, mobility, diversity, flexibility and work/life balance, training and development, leadership and culture.
5.2.3. The marketing mix
As we saw previously, the marketing mix consists of 4 different areas of focus: the product, the place (the store), the price and the promotion (the catalogue and the advertising). After answering our questions, we can present some of the data collected during the interview and which refers to the marketing mix.

- The IKEA product range is our starting point. All other marketing communication is used to amplify the product range.
- The store is the IKEA retailer primary medium for presenting and communicating the range, its low price and the IKEA concept.
- The price is the lowest as the company can. The aims are for people to save their money or buy more furniture. It is not only the translation of one price coming from Sweden but it is a really adaptation to the French’s purchasing power. As the following spreadsheet shows, French prices are really different from others.

<table>
<thead>
<tr>
<th>Country</th>
<th>Square mirror</th>
<th>Round mirror</th>
<th>Wavy mirror</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>24</td>
<td>113</td>
<td>48</td>
</tr>
<tr>
<td>France</td>
<td>33</td>
<td>100</td>
<td>33</td>
</tr>
<tr>
<td>Spain</td>
<td>32</td>
<td>112</td>
<td>34</td>
</tr>
<tr>
<td>Sweden</td>
<td>15</td>
<td>94</td>
<td>24</td>
</tr>
<tr>
<td>Switzerland</td>
<td>19</td>
<td>67</td>
<td>27</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>25</td>
<td>115</td>
<td>30</td>
</tr>
</tbody>
</table>

Figure 8: prices of a same product in different countries

- The IKEA catalogue is the main marketing tool with around 70% of the annual marketing budget being spent on this alone.

The IKEA advertising and the catalogue are used to spearhead the penetration of the target market.

5.2.4. Balance of autonomy and strategic direction
As Ikea continues to expand overseas, the significance of centralized strategic direction will increase. Naturally, rapid internationalization will trigger a range of challenges imposed on the headquarters in Sweden: Such challenges (decision making) include:

- The complexity of the logistics system will increase;
- It will be more difficult to respond to national needs and cultural sensitivity issues;
- Franchisees may demand more control over operations;
• Emerging demographic trends will force the organization to broaden its focus strategy to respond to varying nation-level consumer groups.

The IKEA organizational structure can be defined as highly functional with a global market strategy. In such a structure, Ikea is able to maintain centralized control over functional activities and at the same time take advantage of low cost and enhanced quality from international suppliers. In addition, control over strategic direction is enhanced and functional redundancies are minimized. In order to ensure efficiency in the logistics process, the organization has integrated purchasing and distribution processes under one umbrella function referred to as “Wholesale”.

6. Analysis
In this part, the empirical evidence that we have studied in the previous part will be analysed. The analysis will be done by linking the empirical findings and the theoretical framework.

6.1. SWOT analysis
With the information that we have obtained by interviewing Emmanuelle Robin, reading the last financial statements that she gave us or the firm brochures, it’s possible to make a SWOT analysis. The results are in the next table:

<table>
<thead>
<tr>
<th>Strengths/ Opportunities</th>
<th>Weaknesses / Threatens</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of the biggest international firm</td>
<td>No stores downtown</td>
</tr>
<tr>
<td>Established in France since 1981</td>
<td>Too long distance between the stores and people living outside the biggest city</td>
</tr>
<tr>
<td>Leader in the sales furniture for young people</td>
<td>A paradoxical positioning: old rich people like very much the store whereas the latter would like to appeal the poor young people (IKEA’s target).</td>
</tr>
<tr>
<td>Complete control of the Value Chain</td>
<td>Human Resources problems</td>
</tr>
<tr>
<td>Independent firm</td>
<td>Non-diversified store</td>
</tr>
<tr>
<td>Good reputation, capital sympathy</td>
<td>Aversion for debt</td>
</tr>
<tr>
<td>Low Debt/Equity Ratio</td>
<td>A worse monitoring since the merger with Habitat in 1992</td>
</tr>
<tr>
<td>Original Concepts: for instance, the “show room”</td>
<td>A charismatic leader who is less and less implicated in the IKEA monitoring</td>
</tr>
<tr>
<td>Original designed products</td>
<td></td>
</tr>
</tbody>
</table>
6.2. Product adaptation versus standardization

Other global brands like McDonald’s make changes to fit in with a local environment. So a fast food chain will sell flat bread in the Middle East and chicken burgers in India. Yet at a time when a “cookie cutter” approach to global branding has fallen out of favour, Ikea is less willing to make concessions. Usually when Ikea expands, it just needs to open the door and boom… sales flood in.

Generally, Ikea claims to refuse to adapt these products locally. However, sometimes, it must make small adaptation, as people’s morphology for example. But, in the case of France, people are not morphologically different from Swedish or other European people. So, the adaptation of the products is quite small.

But, the standardization can lead up to slump. When Ikea entered Germany in 1974, its desks were a flop because the Germans were used to five legged desks and not four legged ones.

Ikea was also aware that producing variants of its designs in each market would damage its economies of scale. Anywhere in the world, there is normally only a maximum of 2% variation in the Ikea range stocked. As soon as Ikea starts changing things it adds cost.

Some of the changes that Ikea America made have since been introduced to France, with great success. For example, the Americans like to sink into a large, soft sofa whereas French prefer to sit on the edge. American-influenced softer sofas have become a number one seller in France. Similarly, large entertainment units for TV systems were brought back to France, as were thicker and heavier bath towels.

The example of the US is not the first time that Ikea struggled to put a Swedish accent on another country’s way of living. Its first attempt to woo Japanese home dwellers of the joys of flat pack in 1974 failed. Ikea withdrew hastily saying that the Japanese customer was not yet ready for flat pack living and especially not convinced of assembling their own furniture. This time round, thirty years later, Ikea is hopeful that it can seduce the Japanese, who have been battered by more than a decade of recession and are less convinced that they must pay high prices to obtain high-quality goods.

While Ikea’s multitude of storage solutions will suit the urban, cramped apartments in Japan; the Swedish retailer will also have to shrink its furnishings to fit the smaller Japanese household. However, it will not be tweaking its design, saying that Japanese style is quite similar to Scandinavian. Ikea’s biggest barrier this time around is the same as it was thirty years ago. Japan's notoriously fussy customers will not be open to the idea of building furniture themselves. For this reason, Ikea Japan will be providing an assembly service as
well as home delivery. The signs look good—the Ikea catalog has become the latest craze in Japan with consumers actually swapping bootleg copies. Despite refusing to adapt its global model, Ikea’s Swedish formula seems as always to be seducing consumers across the world.

The geographical evolutions of the expansion brought more flexibility to the initial rule concerning the standardization of the products which wanted to be strict, in particular in the United States and in China.

If the strategy marketing of IKEA seems to be the same in all the countries (even mark, even positioning, even target), marketing mix differs and takes into consideration the local conditions. Thus its fast expansion forces IKEA to adapt its offer of products and communication to the local characteristics. The following points represent the 4p’s of the marketing mix.

- **Products**

  Ikea doesn’t want to adapt the pieces of furniture, manufactured by Ikea, at the various markets. The consumers must change very radically for Ikea to encourage them to express a different personality from their neighbours.

  However, the whole of the products are not present in store. IKEA respects the local differences and adapts its offer according to the characteristics of the market while picking in the set available. Clearly, national differences are taking into account: IKEA do adaptation but what is the proportion of adaptation?

  The group imposes considerable references considered as unavoidable. Approximately 60% of the 10 000 products are presented in store. IKEA sells, with some exceptions, the same products in its stores. This policy implies that IKEA respects very strictly the international rules of security if it wants to diffuse its products in its stores.

- **Price**

  The assortment of IKEA is articulated around six ranges of price. The goal is to propose to all the “purchasing powers”. Moreover, IKEA wants to adapt the prices to comparable products sold locally. Each country has the responsibility to fix its prices. As the table show, there exist important differences of price between several countries. Again, IKEA do adaptation.
• Stores
In the stores, the arrangement is strictly regulated. The "course of purchase" offers few loopholes to the customers. It is a concept which wants to be universally begun again and applied. As for the place of the stores, Ikea was forced to adapt to the sites and especially to the ways of life of the inhabitants. As considering previously, Ikea had to modify its practices of establishment of the stores to go to city centres.

• Distribution
Ikea has already a system of sale by Internet, telephone and fax. And a system of delivery in residence was set up and its importance goes increasing. The distribution varies and adapt to cultures.

• Communication
The Ikea catalogue is the principal source of communication of the company. Thanks to it the consumer will know the products and will reflect on his next purchase. The communication is one of the most important points of the IKEA strategy. That is why the communication strategy is analysed in 6.3.

6.3. Communication Strategy

Referring to the theoretical framework where we have seen in the section “marketing mix” that promotion is an important part of strategies used by IKEA, this section analyses one component of promotion: advertising.

6.3.1. Advertising strategy

Ikea claims to standardize its products to people. That is why the role of the communication is to make change people attitudes and style of interior for example. It was necessary to show people, who think that Ikea is not for them, that Ikea is not what they think. And that was done by a radical change of the tone of communication. The brand wanted to find its roots: provocation.

Bias:

• The communication is not addressed to everyone. It aims at particular targets: young people in situation of change of life. People who are in a favourable situation to invest in "what it is necessary to change the life".
• To give up the institutional speeches. Ikea wants to show the everyday life and plausible flats.
• Ikea speaks about “problems” that everybody knows: small spaces, the new role of the child….

6.3.1.1. Communication to consumers

The communication of IKEA towards consumers articulated around four types of major media: the catalogue and other booklets, websites of the group, another advertising media (newspaper industry, radio, television, cinema, posting) and the communication in store.

• The catalogue
The first catalogue was born in 1951. Today it is a part of the IKEA’s. The catalogue and other booklets count for approximately 50% of the budget marketing of a national division. It is published in 145 million specimens (48 editions and 25 languages) and distributed in 32 countries: According to IKEA, it is the most important free publication in the world. It is the media of reference through which the customers discover all the collections but also ideas of installation and decoration of the house. There are three versions in order to respect the diversity of the markets. IKEA France adds some national pages.

• The website www.ikea.fr
It offers an overview of the company. It makes the link with the 35 national websites of the group by the link to ikea.com. The goal of the website is to inform on the services and products offered by the brand. Each store has its own space and can communicate on its promotions, events and information.

• The communication in store
Billboards are present in store: it gives information on the Ikea concept as its operating mode. All the products sold in the store have one or more labels which give multiple indications.

• Another advertising media
Ikea adopts an eccentric and impertinent approach of advertising. Thus, beyond the traditional supports, non conventional supports are regularly used: giant pens in the street of Brussels for the opening of the store in Anderlecht; the developments of lifts in flat in Beijing; the
punctual decoration of the train station in Berlin; the night in the beds of a store in Liège or in Malaysia… they use a non traditional media to develop an important presence. They want to go where the competitors are not. Their vision is to create a better daily life for a majority of people, but to being different.

In traditional medias, especially in TV and cinema commercial, Ikea adopts a humoristic and chocking style: With the « stop being so English » in United Kingdom, the « arrêtez d’être si snobs» in Switzerland and the « America is a big country, someone has to furnish it », IKEA is positioning on new markets like a challenger. On the actual market, one of the preoccupations of Ikea seems to be that its consumers think to the furniture universe as the fashion universe, something ephemeral and changing, products to renew regularly.

Ikea also use the press where the accent is put on the products; and the billboard campaigns for the openings of stores.

6.3.1.2. External communication: public relations

As Emmanuelle Robin who is responsible of the public relations said to us during the interview, the first function of the Ikea public relation is to protect its brand identity, but also to communicate its vision, its ideas, its concepts and its values. Public relations have the role to inform the journalists from new products, new collections and the event of the firm in press release. It permits to create noise around its stores.

6.3.1.3. Relational marketing

IKEA have a data base of its clients which can belong to the club of faithful clients (IKEA family in France, Ikea Home Card in UK for example) in order to have some advantages.

6.3.2. Advertising management

“The top of the pyramid is the group, the centre represents Ikea France for example, and the bottom represents the stores”.

There are three distinct levels of communication. The responsibility in term of communication at the national level is to insure coherence between the three levels, and more particularly concerning the distributed messages.
Concerning the different partners in charge of the brand communication, Ikea chose to entrust national advertising agencies, which will be more able to understand local behaviours. Thus, in France, this is CLM BBDO agency which is in charged of the budget. It took the place of Leagas Delaney which had launched the new communication tendency of Ikea with its campaigns « Faîtes des enfants », « Rangez », « trop de meubles ». Then, CLM BBDO launched the campaign « Réagissez » on the same tone.

**6.3.3. Advertising execution**

The advertisings are in the tone of the provocation. As it is written and shown in 9.2., the tone is generally exaggerating, incorrect, excessive, sarcastic, ironic or comic. IKEA pretends to promise the beautiful life in its advertisement (“Furniture make the life more beautiful like a child”), to solve the problem of small spaces with effective solutions with functional furniture and to change the interior whatever your style.

Moreover, advertisements are done in many occasions. There are special advertisements because of the renovation or the opening of a store, the changing of the opening hours (open longer in the evening during spring) or the launch of a new product range. In 2007, it is the year of the presidential election. As a consequence, IKEA changes once more its advertising campaign and adapts to this new situation. In the last campaign, we hear a person who wishes to be the president of France. He says that: “French needs more space, more love, more well-being and more purchasing power. For all those reasons, vote IKEA”.

The IKEA advertisements have a great success. They catch the attention of the audience because they are still innovative and renewed.
7. Conclusion

This thesis showed that Ikea has to reconsider some of its furniture to adapt to the needs of the domestic consumers.

For example, in the United States the size of the furniture of the TV, the beds, the bath-tubs, etc. has increased because everyone knows that the American like the things into large. On the opposite, Ikea has to reduce the size of the beds for the Chinese. It exists still a lot of other specifications for each country, whose the store of furnishing must hold account if it wants to compete with the local stores. If the brand wants to compete later with the local stores on each market, it will have "to think global and act local" more. Indeed, each country has its own culture, its own values and its ways of consuming.

One of the possible options could be the creation of joint-ventures on each market, thus Ikea could more easily impregnate models of furnishing of each country and work more narrowly with the local actors of the market. The store could, in more of its products put on sale, create specific collections for each country. For example, the Asian continent, from its culture, has furniture and objects really different from those we can find in France. Thus, Ikea will be increasingly closer to its customers, while responding to their needs with a range of products varied and low prices. Especially, Ikea will be able to attack more directly its competitors on each market.

IKEA is undoubtedly an original group. All throughout its history, the company growing success can be largely attributed to the degree of recognition of the consumers that continues to grow worldwide.

Today in France, IKEA does not match the demand any longer, IKEA creates the demand. The weight of a global marketing strategy, of a strong communication policy and the unusual management invented by Ingvar Krampad enabled home furnishing sector to become a fashionable sector. IKEA is almost a company that cannot be ignored among the French biggest companies. The company has a symbolic weight due to its wonderful internationalization by introducing high differenced products in a traditional industry. Now, IKEA is recognized as being a universally brand for its adapted pieces of furniture, design products, characterized by a low price and a good quality.

To solve our main questions, we can say that the IKEA’s key concepts are the following: Ikea's mission is to offer a wide range of home furnishing items of good design and function, excellent quality and durability, at prices so low that the majority of people can afford to buy
them (IKEA 1994). The company targets the customer who is looking for value and is willing to do a little bit of work serving themselves, transporting the items home and assembling the furniture for a better price.

Then, we can summarize the IKEA’s specific marketing mix components by saying that products are standardized, whereas prices, place and promotion are adapted to the French market.

In order to answer the last question of our problem, we can say that centralized control and product standardization are two necessary components of the firm’s long-term strategy. In addition, the company has facilitated its international expansion in France through owned subsidiaries and franchises. Future localization pressures will force Ikea to change its global strategy in order to become more sensitive to local demands.

By combining different marketing strategies such as low prices and searching niches, the company has been able to maintain its success.
8. References

8.1. Web sites

http://www.ikea.fr

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8.2. Interview

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8.3. Literature

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9. Appendix

9.1. Questionnaire: Interview of the responsible for the public relation

1. When IKEA decided to establish in the French market?

2. Where are situated the different IKEA’s stores in France? Why?

3. What are the different marketing strategies and policies adopted?

4. How does IKEA try to have new customers?

5. Does IKEA use standardization or adaptation in the French market?

6. Can we find the same products in France and in Sweden?

7. What are the main problems encountered by the company during the establishment process?

8. Was there a competition? Who are they? What is your position (relative to the competitors)? According to you, what are the main differences between IKEA and your competitors?

9. Is there a threat from the competitors?

10. According to you, what are your strengths, weaknesses, opportunities and threats?

11. What are your main customers? What is your target customer? And are your real customers the same as your target?

12. What is the future plan of IKEA in France? Do you have any idea about new products? New Strategies? Will you open new stores?
13. What is your price strategy in France? Is it the same everywhere in Europe?

14. What are your previous advertising campaigns? On television, radio, press…

**9.2. IKEA’s competitors**

- **Roche Bobois**
  
  Groupe Roche Bobois
  1960
  73 stores in France
  Values: tradition, travel, well being
  Personality: elegant, modern
  Positioning: all the styles at the best quality
  Target: upper-class households
  Signature: True life starts inside

- **Conforama**

  Groupe Pinault-Printemps-Redoute
  1967
  174 stores in France
  N°1 in the French furnishing market
  
  Values: simplicity, tradition, easiness
  Personality: understanding, familiar
  Positioning: all the styles, all the products for the house at the lowest price
  Target: middle class household
  Signatures: Le pays où la vie est moins chère/Le bien-être ça n’attend pas
• But

Date of creation: 1972
239 stores in France, 10% of the market
N°2 in the French furnishing market.

Values: respect, rigor, equity
Personality: Simple, fair, honest
Positioning: the best price for the best product
Target: modest household
Signature: « The fair price » (« Le juste prix »)

• Habitat
1973
Bought by IKEA group 10 years ago.
26 stores in France.
N°1 in the French furnishing market in city centre.

Target: Urban, CSP +
Positioning: Art de vivre

• Fly

Groupe Mobilier Européen
Date of creation: 1978
128 stores in France, 5% of the market
N°4 in the French furnishing market
Values: youth, economy, trend
Personality: smart, funny, affordable
Positioning: ideas, trends, colours, and small prices
Target: young household
Signature: « that is beautiful, that is you »

9.3. Advertising Execution

Rangez
2001
Leagas Delaney Paris Centre

- Creative strategy

Positioning: Reasonable solutions for little budget and small spaces
Claim: IKEA promises the beautiful life
Target: 18/35 ans, M/F, urbans
Tone: exaggerating, incorrect
Catchphrase: « Si vous ne le faites pas pour vous, faites-le pour les autres » (« If you don’t buy something for you, buy it for the others »)
Signature : « Rangez »

- Used medias
TV
- La petite voiture
- Le robot
- Les spaghettis
- Sous la pagaille
- La fourchette
Cinema
- La petite voiture
- Le robot
- Les spaghettis
Press
- La brosse à dents
- Le policier
- La photo
- Radio
- Noël
- La lampe
- La peluche

Affichage
- Le sac de couchage

**Abusez**

2002

Leagas Delaney Paris Centre

- Creative strategy
- Positioning: to incite purchases
- Claim: A new store in Nantes
- Target: The population around the store
- Tone: Excessive, comic
- Catchphrase: « Le 20 février, Ikéa ouvre à Nantes… »
- Signature : « Abusez »

**Trop de meubles**

2002

Leagas Delaney Paris Centre

- Creative strategy
- Positioning: Ikea proposes furniture with quality and low prices
- Claim: effective solutions, with functional furniture
- Target: globally 18/35 ans, M/F, urbans and a large public
- Tone: Humour, complicity with the target.
- Signature : « Trop de meubles »
- Catchphrase : « solutions pour petits espaces »
Faîtes des enfants
Jouez chez vous
2003
Leagas Delaney Paris Centre

• Creative strategy
Positioning: Ikea proposes functional and esthetic furniture with low prices.
Claim: Furniture make the life more beautiful like a child.
Target: Young family (with Ikea PS)
Tone : humour, sarcasticism, ironical, provocative
Signature : « Faîtes des enfants. Jouez chez vous »
(« Give birth, play at home! »)

• Used medias
TV
• Le petit déjeuner
• Le cadre
• La lampe
Press
• La chambre
• La cuisine

Line advertising – the garden
Claim: Ikea shops give the possibility to benefit more from the spring collection
Reason why: Ikea shops remain opened in the evening
End line: « Les jours s’allongent… Profitez encore plus de la collection printemps » (« Days are getting longer. Get more from the spring collection »)
Tone: informative

Line advertising
Claim: save space with Ikea
Reason why: a range of furniture you can fold down
End line: « solutions pour petits espaces » (« solutions for small spaces »)
Tone: informative

Line advertising
Claim: change your interior whatever your style
Reason why: Ikea correspond to every taste
End line: « des idées, des couleurs, du changement » (« ideas, colors, change »)
Tone: informative

Outdoor printing
Institutional advertising: Jeune papa
Claim: look at life with a childish perception and get the most out of life at home
Reason why: Launch of a product range dedicated to children
End line: « Faites des enfants » (« give birth »)
Tone: emotion, connivance

Line advertising
Claim: get the most out of life at home
Reason why: launch of a new product range dedicated to children
End line: « faites des enfants » (« give birth ») - signature: « jouez chez vous » (« play at home»)
Tone: informative

Informative advertising
Claim: Ikea even more attractive than before
Reason why: Renovation of the Villiers and Evry shops
End line: « Ikea en + beau » (« always Ikea, but more beautiful ») - « Ikea en + grand » (« Always Ikea, but bigger »)
Tone: Connoted, refined

Focus for 2004: living with kids. Most of the campaigns propose to look at home life from a child’s perspective. To support this theme, a range of new products has been developed, encouraging adults and children alike, to get the most out of life at home.

A great cohesion between the product and the institutional speeches, which presents common graphic codes and end line.
Press: product level, with very demonstrative and product-oriented ads
Outdoor printing: a more esthetical speech. It enables the brand to set a new communication tone
TV: less investment in the media this year. Only two spots to settle the new positioning (give birth)
CRM tools: numerous services and information to create a closer relationship with the customer. Creativity is the key of this relationship.

Brand territory:
Values: happiness, family, thoughtlessness
Personality: affordable, daily, and cheerful
Positioning: change your interior life by bringing happiness in your home
Signature: play at home
Benefits: design, function and play at low price
Reason why: simple and cheap furniture for every style and liking
Target: every generation, every standard of living
Style/language: complicity
Réagissez
2004
CLM BBDO

• Creative strategy
Positioning: Ikea sells esthetical furniture with low price. So it is easy to use and renew its furniture
Claim: Ikea gives the will to everyone to change its interior, to have a better life.
Target: Ikea targets everyone which can’t give up its furniture.
Tone: Derision, sarcastic
Catchphrase : « Ça ne meurt pas un meuble, ça se change »
Signature: « Réagissez » which appears like an advice

• Used medias
TV
• « La table »
• « Le canapé »
• « La commode »
• « Le poisson rouge » (catalogue)

Cinema
• « La commode »
• « L’armoire »

Press/Billboard
• Sultan mattress
• The product campaign

Radio
• Sultan mattress

Internet banners
Les petits prix
2005
CLM BBDO

- Used medias

TV