



ENBUS 211: Final Recommendations Report

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Executive Summary

IKEA is one of the world's largest home furnishing stores that provide affordable products from office furniture to bathroom décor. Since 2019, IKEA implemented the idea of sustainability across the company which assisted in the development of products that satisfy a customer's needs and wants. This report highlights the key topics that IKEA has committed to do to create a perfect sustainable marketing strategy. Understanding where IKEA is located on the positioning market and who they target as ideal consumers will demonstrate how IKEA ranks amongst their competitors. With the exceptional customer satisfaction and affordable pricing in their products, there is no doubt people would not select IKEA as their ideal store when buying home furnishing products. Looking at internal operations, IKEA's unique distribution channel and pricing strategy help develop a different product development process and product marketing compared to its competitors. More specifically, using a cost-based pricing helps IKEA develop various products within a budget while maintaining its quality and modern designed. Furthermore, by presenting products in different settings, it provides a visualization and feel for customers. Looking at the future, IKEA can transition into a complete green company by creating eco-friendly products using recycled materials, therefore making it a circular business. In addition, IKEA should continue partnering with social entrepreneurs but include the theory of change to determine ways to improve. Lastly, IKEA should collaborate with influencers or famous celebrities that share similar values to help support IKEA's goal to create a sustainable future.

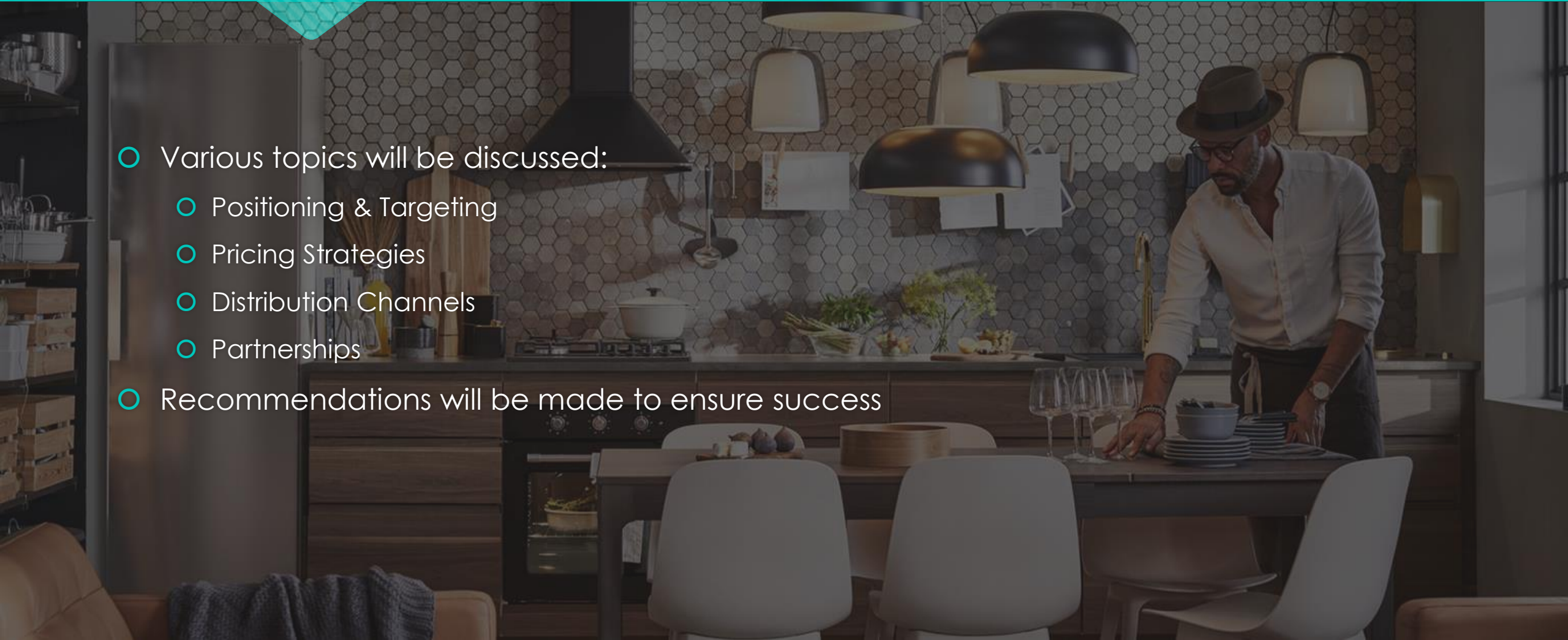
Introduction

- IKEA is known for its modern-designed and affordable products such as bedroom furniture and kitchen appliances
- Provides the products that satisfy customer's needs and accommodations
- Since 2019, implemented sustainability within the company
- Marketing strategy demonstrates internal and external benefits



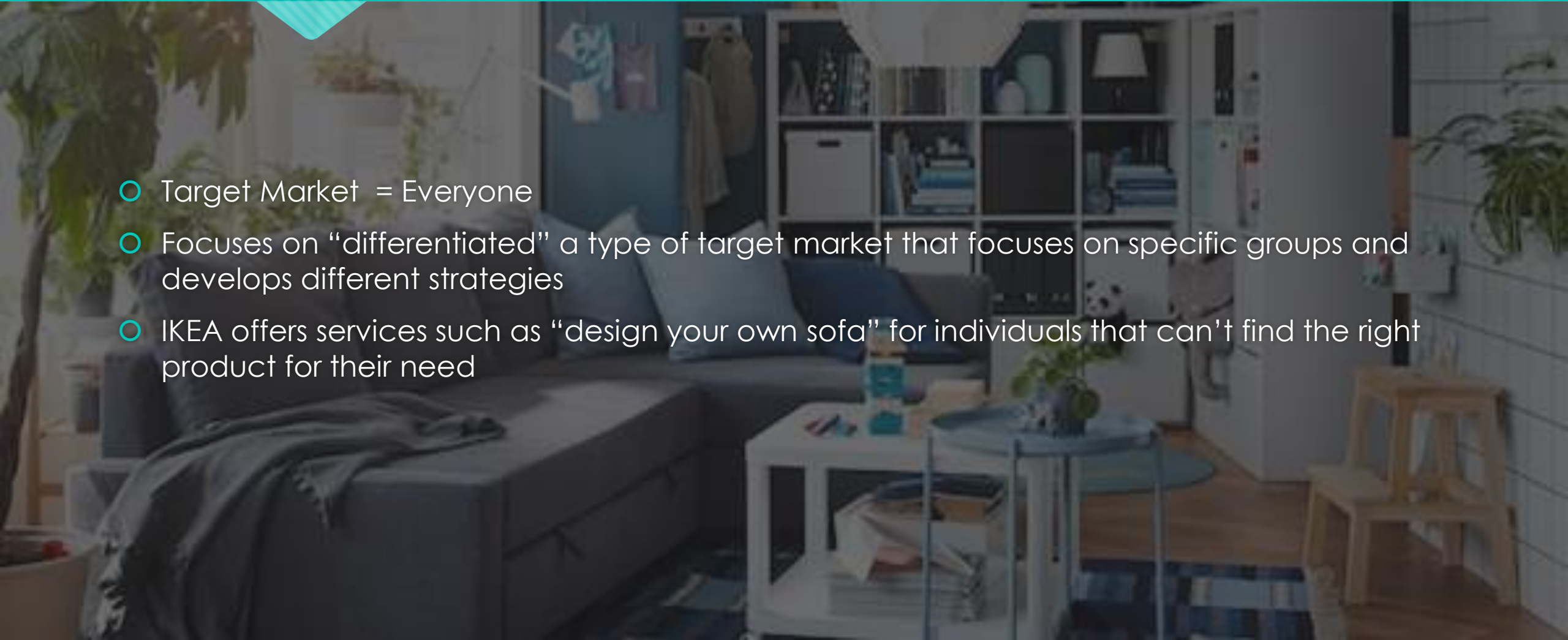
Introduction cont.

- Various topics will be discussed:
 - Positioning & Targeting
 - Pricing Strategies
 - Distribution Channels
 - Partnerships
- Recommendations will be made to ensure success



Target Market

- Target Market = Everyone
- Focuses on “differentiated” a type of target market that focuses on specific groups and develops different strategies
- IKEA offers services such as “design your own sofa” for individuals that can't find the right product for their need



Market Competitors

- Develops a marketing strategy that focuses on Price and Customer Satisfaction
- Having a low-price strategy, allows individuals to prefer IKEA over other competitors
- Well-made products are designed to attract millennials and returning customers

Positioning Map

- Demonstrating IKEA's position amongst its competitors based on product pricing and customer approval



Pricing Strategy

- Focused on a “low-price strategy”
 - Has evolved by IKEA’s consistent product development and innovation
 - Assists in the development of green products
- Cost-Based Pricing
 - Designing a product’s price at the start
 - Helps stay on top of its competitors
 - Customers can purchase sustainable products without paying a premium

“more than 60% of IKEA product range is based on renewable materials like wood and cotton, and more than 10% contains recycled materials.”¹

- IKEA, 2019



- Example of how IKEA changed how their products are made which helps reducing its cost
- Supports IKEA's vision

Distribution Channels

- Uses a direct system
- Develops and produces their individual parts at a private facility
- Distributes products through a warehouse
- Allowed IKEA to have reasonable pricing in their products



Creative Showroom

- Allows customers to visualize IKEA products in different settings
- A strong factor in their marketing strategy
- Implement sustainability across all IKEA facilities
 - Use of Solar Panels
 - Reduce Plastic Use

Partnerships

- Partners with social entrepreneurs and environmentalists
- Share similar values to support and provide products
- Build long-term relationships
- Acumen is IKEA's next partnership in 2020



**ACUMEN AND
IKEA SOCIAL ENTREPRENEURSHIP
EAST AFRICA ACCELERATOR**

Social entrepreneurship
together with



Ashoka

- Consisting of 12 social entrepreneurs to scale up their impact
- Working with Ashoka has benefited both IKEA employees and entrepreneurs
- Served as a benchmark that shows positivity and constructive experiences when working with social entrepreneurs



Recommendations



Collaborations

Dedicated to the protection and wellbeing of all
Earth's inhabitants

- Build relationships with celebrities or influencers that share similar values
- Expand on product ideas
- Increase reputation and acts as a role model for other companies

We support projects around the world that build climate resiliency, protect vulnerable wildlife, and restore balance to threatened ecosystems and communities.

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CELEBRATING 20 YEARS
OF STANDING UP FOR NATURE



Theory of Change

- Implemented across all partnerships to understand the steps needed to meet its goal
- Make necessary changes to improve
- Impact → Outcome → Output
 - Impact: providing opportunities to a better everyday life for the less fortunate
 - Outcome: Jobs and Services are presented
 - Output: Businesses are inspired to support and learn

Becoming the Greenest

- Aim to become a company that truly motivates customers to greener lifestyle
- Create products that are completely eco-friendly
- Use of a circular business



Key Takeaways

Present

- A world-leader in home furnishing products
- Focused on creating affordable and ecofriendly products for everyone
- Implemented sustainability across all IKEA facilities
- Partners with social entrepreneurs such as Ashoka to provide support and expertise

Future

- To become a leader in sustainability for society
- Focus on creating 100% ecofriendly products while maintaining its affordable pricing by transitioning to a circular business
- Strive to implement sustainability across the world
- Use the theory of change for all partnerships to help determine future improvement

Conclusion

- IKEA has already implemented forms of sustainability that assist their marketing strategy
- Consistently placed on top of its competitors
- Offers a unique distribution channel such as their creative showroom
- Develops affordable and modern-looking products by using cost-based pricing
- Demonstrate corporate social responsibility by supporting and partnering with social entrepreneurs
- Strives to improve every year to provide a better everyday life for society

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