

employees. IKEA's managers look for people who "display a desire to learn, motivation to do things better, common sense, and the ability to lead by example." The company believes in keeping employees happy by engaging in activities throughout the year that promote well-being and job satisfaction. These are all reasons that IKEA has been ranked in *Fortune* magazine's annual list of "100 Best Companies to Work For" three years in a row.

Do-It-Yourself Approach IKEA maintains its low-cost business model by creating a different furniture shopping experience. IKEA supplies customers with all possible materials needed to complete their shopping when they enter the store (that is, measuring tape, paper, and pencils). The floor has showrooms displaying IKEA furniture with multiple accessories that will accentuate the style. With this approach, customers do not have to be bothered with salespeople who work on commission. Customers can pick and choose among the different options of accessories that they would like to use with furniture. Many customers appreciate the feeling of accomplishment that comes from doing things for themselves. For those customers who do not like the DIY approach, IKEA offers assembly services and home delivery options.

Added Amenities Although IKEA is not set up as a traditional furniture store, the company does provide several added amenities. IKEA rents car racks that customers can use to get bulky items to their homes. IKEA also provides child-care services to give parents time to shop. Once their children are in a safe place, parents will delegate more time to browsing and purchasing IKEA furniture and accessories. The company also provides restaurants in some of its stores to encourage customers to stay a little longer. Offering breakfast, lunch, and dinner, the restaurants also generate strong profits for the company each year. Customers can also schedule consultations with professional designers. In sum, the IKEA experience is designed to make the stores destinations in themselves. IKEA wants the customer to feel as if there is not a rush to leave the store and customers can do more than just shop for furniture.

Brand Image There is no denying that brand image is a key strength for IKEA. Even if they have not been in a store, most people around the globe recognize the blue and yellow logo as a symbolic representation of trendy, modern, and fashionable furniture. Customers flock to the furniture giant to experience what *Business Week* has referred to as "IKEA world, a state of mind which revolves around contemporary design, low prices, wacky promotions, and an enthusiasm that few institutions can muster."

Part of IKEA's brand strength comes from its wide array of products that exude a high-quality, low-cost focus. The company offers home furnishings and appliances for the bedroom, bathroom, and kitchen, as well as furniture for business offices. In addition to home furnishings, the company sells accent pieces and everyday products such as rugs, linens, and kitchen utensils. Some of the company's newest ventures include home building materials. Customers can build an IKEA home with reasonably priced, environmentally friendly materials.

Strong Focus on Sustainability IKEA considers the environmental impact of every step in its business processes by making products that are environmentally conscientious and cost-effective. Suppliers are required to comply with strict environmental standards and to use renewable, reusable, and recycled materials as much as possible. With wood as a primary source of material, IKEA also employs field specialists to ensure the wood obtained comes from responsibly managed forests. The company has even paired with the World Wildlife Fund to train cotton farmers in Pakistan and India to use more sustainable cotton practices. From product design to disposal, the organization truly practices what it preaches in terms of its environmental responsibilities.

IKEA's Weaknesses

Do-It-Yourself Approach Some customers may not appreciate IKEA's do-it-yourself approach. IKEA targets young, cost-conscious customers who want stylish furniture. However, these same consumers also like convenience and usually have the money to pay for it. For them, the time and effort involved in shopping for furniture, bringing it home, and assembling it may not be worth it. Furthermore, some customers enjoy having a conversation with a salesperson and getting individual ideas and advice from employees. These customers may continue to buy furniture from traditional retailers.

Limited Customization To ensure alignment with its low cost structure and easy-assembly promise, IKEA's products are very basic and simple in terms of both structure and design. The ability for individualized customization is limited. Many American consumers prefer items with more style, accent, and color options.

Limited Promotional Expenditures IKEA does not spend an enormous amount of money on promotion. Instead, the company depends on word of mouth and catalogs to generate a buzz among customers. Sadly, most U.S. consumers are not highly responsive to catalog marketing, making IKEA's bread-and-butter promotion less efficient and cost-effective for the U.S. market. American consumers also watch television and use the Internet more often than consumers in other countries. However, most of IKEA's television commercials are unknown outside of the United Kingdom. Further, many of the company's ads are controversial and not suitable for a U.S. audience. As a result of these issues, IKEA may be missing out on a larger potential customer base.

Weak Online Support Many aspects of the company's website leave much to be desired. Although product descriptions are available, the majority of the items shown cannot be ordered online. IKEA basically forces consumers to shop at their nearest brick-and-mortar locations. Because IKEA's physical presence in the U.S. market is small, the company is losing valuable sales due to its lack of online buying options.