downloadable programs to help redesign kitchens, bathrooms, and bedrooms. The website also provides information about each store's local events and promotions, services, and product specials. Because the website offers little online purchasing capabilities, customers are often forced to visit the stores to buy products.

In addition to the catalog, IKEA also uses television, radio, and Internet-based communication to reach its target customers. The company's advertising is intended to increase both brand awareness and store traffic. Some of the company's advertising is controversial, especially ads that portray gay customers or sexually suggestive storylines. Advertising, however, is not a major focus of IKEA's promotional efforts. The company prefers to rely on word-of-mouth communication. This is reflected in its use of social media. For example, IKEA's Facebook page (87,000 fans strong and growing) provides up-to-date information on company activities, sales, and local store events.

Local store events are another key marketing focus for IKEA. The San Diego, California, store offers birthday parties for children on the first Tuesday of every month. The Atlanta, Georgia, store features activities such as culinary tasting events, Tree Hugger celebrations, face painting, and fundraising events for local charities. In a unique promotion prior to the grand opening of the Atlanta store, IKEA managers invited locals to apply for the post of Ambassador of Kul (Swedish for "fun"). The five winners of an essay contest received $2,000 in vouchers, had to live in the store for three days, sleep in the bedding department, and participate in contests. Finally, the entire IKEA family holds "Antibureaucracy Weeks" on a regular basis. These are times when executives work on the shop floor or stockroom, operate cash registers, and even load trucks and cars for IKEA customers. This simple step goes a long way in upholding the IKEA culture and maintaining employee morale.

IKEA's marketing program is designed to be thrifty but still effective. In fact, all of IKEA's marketing activities are designed to maintain a downward pressure on operating expenses. For example, in most stores, IKEA does not accept checks—only cash or credit cards, including its own "IKEA Card." This helps to reduce IKEA's accounts receivable and eliminates the need to maintain an expensive collections operation. With policies like these, it is not surprising the company's operating margin of 10 percent is among the best in the home furnishings industry. And, despite its low cost and price model, IKEA aims to cut prices by an average of 2 to 3 percent every year.

The Future of IKEA's U.S. Expansion

IKEA considers the United States an important part of its plans for global expansion. The U.S. standard of living is higher than most countries'; however, most American consumers actively buy into the cost-conscious mentality. The value of the U.S. dollar is stable and not prone to wide exchange rate fluctuations. The United States is number one in the world for Internet usage, and IKEA's sustainability efforts are welcomed by a wide margin of the consuming public. Another factor that makes the United States favorable to IKEA is its melting pot of cultures. The IKEA Concept can appeal to the different lifestyles and ways of life found in the United States.

Despite these advantages, IKEA must address two key issues regarding U.S. expansion. The first is the overwhelming individuality of U.S. consumers. American consumers are very demanding and tend to reward marketers that go out of their way to address individual tastes and needs. Further expansion into the U.S. market will require IKEA to adapt its offerings and stores to local tastes—a marketing strategy that is much more expensive to deliver and contrary to IKEA's cost-conscious operating philosophy. IKEA's franchised structure is well suited to this task. This allows IKEA to get closer to customers by hiring local employees that represent the same values, cultures, and lifestyles of the local area. Another adaptation issue involves IKEA's promotional strategy, which must be tailored to U.S. standards. For example, most of IKEA's television commercials are considered too "edgy" for American viewers.

The second key issue is quality. Although American consumers are increasingly value-driven, they also demand quality products. In this regard, IKEA's low-cost, do-it-yourself concept misses the mark for many potential furniture consumers. Many Americans view self-assembled furniture as being lower in quality, and similar to the types of furniture one might buy at Walmart or Target.

Facing these challenges, IKEA's U.S. expansion is expected to move fairly slowly. The company does not have the financial resources and marketing experience to roll out a large number of products and stores simultaneously. The most recent economic conditions have not helped either. As the company looks toward further expansion into the U.S. market, it must consider a number of relevant issues in both its internal and external environments.

IKEA's Strengths

Low Cost Structure IKEA's low cost structure has been the very essence of its success. Being that low cost measures are ingrained into IKEA's corporate DNA, the company does not have a hard time tailoring its operations around this business model. This model also pairs nicely with customers who appreciate IKEA's operating style. Furthermore, IKEA's low cost structure has kept the company profitable while competitors, such as Pier 1 in the United States, are struggling. Despite the state of the economy, IKEA has continued to see positive revenue growth, though President and CEO Anders Dahlvig has admitted that the economy has caused sales to increase more slowly than in recent years. Dahlvig also explains that in reaction to the constricting economy, IKEA has continued to use every possible avenue to maintain its low cost structure and competitiveness without compromising customer value.

Corporate Culture IKEA values antibureaucracy in its operations, and strongly follows worker and environmental protection rules. These tenets are codified in the company's code of conduct known as "The IKEA Way." The company's culture is based on the core values of togetherness, cost consciousness, respect, and simplicity. Kamprad once said, "Work should always be fun for all colleagues. We all only have one life; a third of life is work. Without desire and fun, work becomes hell." To ensure the company culture is upheld, the company looks for very specific traits in potential