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MASTER THESIS

Standardized marketing strategies: A solution to the global competition?

**A case study of IKEA in Norway, Sweden, France
and China**

Course code: BE309E

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Abstract

With the increment in the process of globalization, developing an effective global marketing strategy has become a challenge to the marketing managers. Various researches have been conducted on this area as it became one of the most debated subject matter among scholars in the last decade. To choose among Standardization and Adaptation marketing strategies are not easy task as both the strategies have their positive as well as negative factors. Some of the researcher also came up with an idea of applying both the strategies according to the demand and the situation of the market.

In response to this theoretical issue, this thesis work will help to present and analyze the practiced marketing strategies of an international organization. I have considered the case of IKEA – an international furniture retail company, in order to reflect and analyze the current practices on marketing strategies in international level. I have collected the marketing strategies of IKEA from the four countries i.e. Norway, Sweden, France and China. With the help of email interview method, qualitative study has been undertaken in this thesis work. In addition, to gather detail information, secondary sources are also considered while writing empirical section.

Furthermore, findings of IKEA are analyzed along with the developed theoretical framework. From the analysis of IKEA's strategies, this study finds that, IKEA has been gaining comprehensive competitive advantage in an international market because of its unique standardized marketing strategies. In addition, this study also reveals that, although, IKEA has implementing its standardized strategies across the countries, the activities and the promotional programs are in some extent adapted to the local context. However, IKEA has been gaining competitive advantage in the global market scenario with the help of standardized marketing strategies.

Key Words: *Standardization approach, Adaptation approach, Contingency perspective, International marketing strategies.*

Table of Contents

Acknowledgement	i
Abstract	ii
1. Introduction.....	1
1.1 Background of the study	1
1.2 Purpose of the study.....	2
1.3 Research Question	3
1.4 Significance of the study.....	3
1.5 Limitation of the study.....	4
1.6 Structure of the Thesis	4
2. Theoretical Framework.....	7
2.1 The Marketing Concept	7
2.2 Developments in the Marketing Strategy.....	7
2.3 International Marketing Strategy	8
2.3.1 Marketing mix in an International Market	9
2.3.2 The International Marketing Environment.....	9
2.4 International Marketing Strategies: Standardized or Adaptation.....	10
2.4.1 Causes for Standardization and Adaptation Strategies	11
2.5 The elements of the Marketing Mix.....	13
2.6 Consumer Oriented Marketing Model	15
2.7 Value based services and Value co-creation.....	15
2.8 Brands and Service Brands	16
2.9 Relationship Marketing (RM).....	16
2.9.1 Network relationship and the process of Internationalization.....	17
2.10 Management of Cultural Differences in Multinational Organization	18
2.11 Green Product Strategy	18
2.12 Innovation and Sustainability.....	19
2.13 Marketing capabilities influence on Economic Performance	20
2.14 Recent Literatures on marketing strategies	20
3. Research Methodology	23

3.1 Research philosophy	23
3.2 Research Approach	24
3.3 Research Strategy.....	26
3.4 Research Design.....	27
3.5 Data collection process	27
3.6 Quality Criteria	28
3.6.1 Reliability.....	29
3.6.2 Validity	29
3.7 Ethical Consideration.....	29
4. Empirical Findings.....	30
4.1 Overview of an organization - IKEA.....	30
4.1.1 IKEA’s Vision and Business Idea.....	31
4.2 Standard Strategies of IKEA.....	31
4.2.1 Low Cost Leadership	31
4.2.2 Green product Strategy	31
4.2.3 Promotional strategy	32
4.2.4 Relationship Strategy	33
4.2.5 Loyalty Program	33
4.3 Marketing Mix component of IKEA.....	34
4.3.1 Product	34
4.3.2 Price	35
4.3.3 Place.....	35
4.3.4 Promotion.....	36
4.4 IKEA’s Marketing Strategies in Different Countries.....	37
4.4.1 IKEA in Norway	37
4.5.2 IKEA in Sweden	40
4.4.3 IKEA in China	42
4.5.4 IKEA in France	45
5. Analysis	48
5.1 Standardized Marketing Strategies of IKEA	48
5.1.1 Low-Cost Strategies.....	48
5.1.2 Branding Strategies	49

5.1.3 Green product Strategies	49
5.1.4 Corporate Social Responsibility (CSR) and Sustainability	50
5.1.5 Value co-creation and total customer value	50
5.1.6 Sustainable promotional strategies.....	51
5.1.7 Relationship Strategies.....	52
5.2 Marketing Strategies of IKEA in the case countries	52
5.2.1 Valued Customer.....	52
5.2.2 Value to Customer	54
5.2.3 Value to Society	58
5.2.4 Value to Marketers.....	60
5.3 SWOT Analysis: Strength and Opportunities	62
5.3.1 Strengths	62
5.3.2 Weaknesses	62
5.3.3 Opportunities.....	63
5.3.4 Threats.....	63
5.4 Theoretical Contradictions	64
6. Discussion and Conclusion	65
6.1 IKEA’s Marketing Strategies in the case countries	65
6.2 Marketing Mix component of IKEA: Unique and Competitiveness.....	67
6.3 Challenges in implementing the marketing strategies	70
6.4 General Conclusion.....	71
6.5 Suggestion for Future Research	71
References.....	73
Appendix.....	84

List of Figures

Figure 1: Thesis Outline.....	6
Figure 2: Comparison of Nordic School approach with the Main-stream approach in the context of studying service	8
Figure 3: Variables that needed to be adjusted in an international marketing strategy.....	10
Figure 4: Four values Marketing.....	14

List of Abbreviations

AMA	American marketing association
BBC	British Broadcasting Corporation
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
DNA	Deoxyribonucleic acid
FSC	Forest Stewardship Council
IWAY	The IKEA way
NOK	Norwegian Krone
RM	Relationship Marketing
S-D logic	Service dominant logic
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WWF	World Wildlife Fund

1. Introduction

This chapter presents the general overview of the thesis. A brief background of the research problem and the purpose of the study are presented in the beginning. Furthermore, research question as well as significance and the limitations of the study are presented. In addition to this, thesis outline is also presented and discussed at the end of this chapter.

1.1 Background of the study

In the past decade, the process of globalization has taken an accelerated pace. Theodosiou & Leonidou (2003) identifies many factors behind organizational choice of being globalized i.e. liberalized trade policies, stability in the monetary transactions, and possibility of uninterrupted flow of goods between countries, and radical innovation and advancement in the means of communication, information technologies as well as means of transportation. These changes have created a various ways of providing services and products across national boundaries, thus increasing fierce competition among the service providers (Craig & Douglas 1996).

Defining and developing the effective global marketing strategy has been the subject matter of intense debate among the researcher in the last decade (Katsikeas et al. 2006; Sousa & Bradley 2008). Various researches have been conducted on this area. However, the effective process of transferring marketing strategy elements i.e. marketing mix elements across different countries is still in central of the debate (Seggie & Griffith 2008, Solberg 2000; Ozsomer & Prussia 2000). This debate has been helpful in a way, to evaluate the impacts of local market adaptation against the potential benefits that an organization can achieve by implementing standardized strategies in the cross national segment (Katsikeas et al. 2006; Sousa & Bradley 2008).

Furthermore, the changing scenario in the international market, led various enterprise managers face the problem regarding the design of effective marketing strategies suitable for the international market. This has given birth to the new concern on whether an organization should adopt their standard marketing strategies in the global scenario or they should make changes in their marketing strategies considering the various relevant factors like, people choice, their

beliefs and their economic conditions etc., so as to gain the competitive advantage (Theodosiou & Leonidou 2003).

The standardization and adaptation strategies are the means, through which organization try to fulfill the consumer needs, tastes and preferences as described by Levitt (1983). To overcome the debate between the standardization and adaptation strategies, few researchers came up with an idea of 'contingency perspective' which explains that, both the marketing strategies, standardization and adaptation, should not be seen different (Jain 1989; Cavusgil & Zou 1994). Instead of this, they suggest that the decision of standardization and adaptation of the marketing strategies should be considered as situation specific (ibid). In addition to this, Theodosiou & Leonidou (2003) also suggest that, organization should do the feasible study in the international market so that they can decide on which strategies to apply, under which condition and on what extent.

Considering these developments in the international business environment and the marketing strategies, I will be studying the marketing strategies implied by the international furniture retailing organization IKEA. In this thesis work, I tend to find out how the problems associated with the standardization and adaptation strategies of marketing as discussed by Jain (1989) & Cavusgil & Zou (1994) are addressed by IKEA. In addition, this research also aim to reflect in what extent and under what conditions, IKEA has localized its standard marketing strategies.

1.2 Purpose of the study

Nowadays, there is a high tendency that customers are more attracted toward buying the combination of product and services in a package (Bharadwaj et al. 2009). Considering this trend of consumers, two third of the Fortune 100 organizations have expanded their offerings to their customers (Sharma et al. 2002). In an international market, this strategy of marketing is better known as 'solution selling' (Tuli et al. 2007) as it includes the combined selling of goods and services.

While creating effective marketing strategy in an international environment, organization can not completely deny these factors. This has been also an effective tool to achieve a competitive advantage in an international scenario. To make a clear practical understanding on this issue, I

therefore, have considered the case of IKEA, which also sells the combination of its furniture products along with the services. With this study, I aim to gain insight on whether, the standard strategies formulated by the head office is sufficient enough to gain the competitive advantage or, the organization should consider the local culture, social values or the ethics, before combining the effective services to its products.

1.3 Research Question

I have developed following research question for achieving the objective of this intended thesis work:

- Are standardized marketing strategies a solution to the global competition?

To fulfill the objective of above research question, I have prepared following sub research questions:

1. What are the different marketing strategies IKEA follows? (In Norway, Sweden, France & China)
2. How marketing mix components of IKEA are unique and competitive?
3. What are the major challenges in implementing marketing strategies adopted by IKEA (In Norway, Sweden, France & China)?

To fulfill the above mentioned research objective, I will consider the single case of IKEA. Furthermore, I will be analyzing marketing strategies of IKEA in the four countries i.e. Norway, Sweden, France and China. From this analysis, the conclusion of this thesis will be drawn.

1.4 Significance of the study

Marketing is the process, through which an organization reaches out to its existing as well as future customers. In most of the research work, whenever the marketing strategies are discussed, more attention has been focused to the single element of marketing variable i.e. promotional strategy (Colvin et al. 1980; Ryans & Ratz 1987). In contradict to this; this study will analyze the complete marketing mix strategy and the values that it creates to different stakeholders (i.e. Valued Customer, Value to customer, Value to society, Value to marketer) as suggested by Londhe (2014).

The findings of this study will help to understand not only the marketing strategies but also will be helpful to understand its impact on the business performance. Moreover, I have considered the case of one of the dominant furniture retailer of the present world i.e. IKEA. This research study will be helpful for many students and investors, in order to get insight on the different marketing strategies that IKEA has deployed along with its value creation strategy to the different stakeholders. This study will be also beneficial for other competitive furniture retailer, as they can find out the deficiencies present in their marketing strategy after comparing and analyzing with our findings and presented literature reviews.

1.5 Limitation of the study

This thesis work posses several limitations because of the limited time and the economic cost associated with the research work. In this research study, single case of IKEA is considered in order to draw the conclusion. In my opinion, considering the multiple case of same type of business i.e. furniture business as per our research work, could provide the more accurate conclusion, which can be more generalized.

Furthermore, this study is based on qualitative method. In order to find out the actual financial figures, quantitative method could be deployed so that the effect of different marketing strategies and their impact in the financial performance could be understood in similar type of organizations. In addition, different type of marketing strategies that IKEA had implemented over the time period and its effects to the financial performance could be studied in the future research.

1.6 Structure of the Thesis

This thesis includes six chapters. In the first chapter ‘Introduction’, I have provided the brief background of the study. I have also discussed how the standardization and adaptation approaches aroused in the international business scenario. Along with this information, this chapter explains about the purpose of the study and the research questions.

‘Theoretical Framework, the second chapter of my thesis includes different international marketing strategies. The strategies suggested by various researchers are included in this chapter. Furthermore, in this chapter, I have discussed about the past researches on international

marketing strategies. In addition, I have also explained how my research study is different than that of previous studies and how it could be beneficial to the stakeholders.

Similarly, in the third chapter 'Research Methodology', I have discussed about different types of research philosophies and approaches. I have explained the considered research strategies, data collection procedures as well as reliability and the validity of this thesis.

Likewise, in the fourth chapter 'Empirical Findings', I have explained about the marketing strategies of IKEA, that are practiced in the four case countries i.e. Norway, Sweden, France and China.

Furthermore, in the fifth 'Analysis' chapter, I have analyzed the marketing strategies of IKEA, by comparing with the constructed theories of international marketing strategies. Under this section, I have also made a review about the past researches of the international marketing strategies.

Finally, in the last section of this thesis, I have discussed the research questions and made a general conclusion on the researched topic. Further, I have made some suggestions for the future research.

In this research study, I have applied deductive as well as inductive approach. Deductive approach helps researcher to test the relevancy of an already developed theory (Long et al. 2000), Likewise, Inductive approach is associated with the theory building process (Hyde 2000). After the analysis of the researched case, I will diagnose whether the constructed theory supports the empirical findings. Bryman & Bell (2007) also suggest that, this process is helpful to seek the validity of the theory.



Figure 1: Thesis Outline

2. Theoretical Framework

This chapter presents the theories that are constructed in relation to the research topic. These theories provide the solution to the research problem presented in the introduction chapter to some extent. Likewise, to clarify the research area, additional marketing theory is presented in this chapter, with a purpose of implying it, while analyzing the empirical findings. In addition analysis of ‘recent literatures’ on marketing strategies is presented at the end of the chapter.

2.1 The Marketing Concept

Marketing can be considered as a philosophy, where an organization bases all of its activities in order to fulfill the needs and wants of a customer in a targeted market segment. In relation to this, an organization should take a consideration to the laws, industry agreement, norms etc of that particular country where it is operating (Grönroos 1989).

According to the revised definition of American Marketing Association (AMA), marketing is defined as follows:

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” (AMA 2013)

2.2 Developments in the Marketing Strategy

When we look into the history of marketing, the concept of ‘general marketing’ has been presented in the beginning (Bartels 1976). With the advancement in research and development, then came the relationship marketing into practice (Sheth & Parvatiyar 1995). The contribution to the development of marketing area has come from the researchers and practitioners from various part of the world (Gummesson & Grönroos 2012). Later service marketing concept has been presented with an international awareness in 1970s (Fisk et al. 2000). In the service marketing field, various researches have been conducted. In response to the service marketing, Vargo and Lusch (2004) introduced service-dominant (S-D) logic in the year 2004. Under this

-Theoretical Framework-

logic the topics like ‘co-creation of value and service’ and ‘integration of resources’ among the stakeholder, have raised the interest of Nordic scholars (Gummesson & Grönroos 2012).

According to Gummesson & Grönroos (2012) Nordic scholars are more focused toward the service in the marketing concept and their researches are dedicated toward finding the marketing concept and model that could fit in the context of service.

Main-stream Approach

i. Research question:

How do services fit in?

ii. Point of departure:

Nordic School Approach

WHAT SHOULD MARKETING CONCEPTS
AND MODELS LOOK LIKE TO FIT IN?



Figure 2: Comparison of Nordic School approach with the Main-stream approach in the context of studying service (Grönroos 2007).

2.3 International Marketing Strategy

Zinkhan & Pereira (1994) define marketing strategy as:

“Effective allocation and coordination of marketing resources to accomplish the organization’s objectives”

International marketing strategy refers to the process of developing an effective marketing mix with an objective to create a sustainable advantage in the international marketplace. This refers to the comprehensive marketing plan which is carried out by the international marketer so as to launch their product or services in an international arena (Wong & Merrilees 2007). The international marketing strategy consist the four Ps of the marketing mix (product, price, place and promotion), which was developed by Appiah-Adu (1997). These 4 Ps are the fundamentals of the marketing concept (Wong & Merrilees 2007).

2.3.1 Marketing mix in an International Market

The major problem faced by an international organization is to coordinate different marketing mix elements across the national boundaries (Douglas 2000). Helm & Gritsch (2014) explains that international marketing strategy provides ample of arguments in favor of both the process of marketing mix elements i.e. standardization and adaptation.

Due to the realization of the economics of scale, the standardization process of marketing mix elements is considered favorable by many in an international market (Levitt 1983). Furthermore, Sheth (2001) explains that, differentiation on marketing strategy in an international market is less important due to the increased globalization of world markets. However, many writers highlight the importance of adaptive marketing mix strategy in an international market, because of the cultural differentiations, different competitive scenario and the foreign market regulation (Diamantopoulos et al. 1995; Douglas & Wind 1987).

The ultimate strategy that an organization practices depends upon the various situational factors (Jain 1989). Therefore, Katsikeas (2006) suggests international organizations, to find out the right balance between the standardization and adaptation strategy so as to act effectively in an international market.

2.3.2 The International Marketing Environment

International marketing environment has a feature of multidimensionality and complexity. An organization therefore needs to be aware about these complexities in order to act in an international market in an effective way (Doole & Lowe 2008).

Out of many environmental analysis models, Doole & Lowe (2008) suggest SLEPT (i.e. social/cultural, legal, economic, political and technological) approach as an effective approach which is helpful to examine the various aspects and trends of international marketing environment. Furthermore, Doole & Lowe (2008) explains that a SLEPT variable influences the marketing strategy of an organization.

Rundh (2003) also emphasizes the need and importance of adjusting standardized marketing strategies because of the factors i.e. social/cultural, Legal, economic, political and technological, as discussed by Doole & Lowe (2008). According to Rundh (2003) following variables need to be adjusted in an international marketing strategy:



Figure 3: Variables that needed to be adjusted in an international marketing strategy (Rundh 2003).

2.4 International Marketing Strategies: Standardized or Adaptation

A large volume of research has been conducted to identify the effective type of strategy (i.e. standardized or adaptation) that an organization need to implement while entering in the foreign market (Lim et al. 2006; Rundh 2003; Samiee et al. 2004).

Buzzell (1968) defines standardized strategy as a process of offering identical products having similar features in the different countries. Under this strategy the price of the product, distribution systems as well as promotional programs are maintained identical (ibid). However, De Mooij & Hofstede (2002) highlighted the importance of local sensitivity as an important factor behind the organizational success. Furthermore, De Mooij & Hofstede (2002) warns that

an organization can face a situation of declining profitability as a result of standardization and by ignoring cultural influence of the local country.

During later years, the debate has been growing in the favor of adaptation strategy rather than standardization in the international retailing business. According to Burt et al. (2011) adaptation strategy can become more effective in the two geographically and culturally distant markets.

However, various authors highlights the difficulty of adopting either standardization or adaptation approach in an international market. Instead they stress upon the importance and requirement of both approaches (Standardization and adaptation) and suggests using both approaches simultaneously. (Sorenson & Wiechmann 1975; Prahalad & Doz 1986; Vrontis & Papsolomou 2005).

The elements of both approaches should be implemented so as to be successful in a foreign market by the multinational organizations. In response to this, Vrontis & Kitchen (2005) suggest that an organization can standardized its marketing strategies and marketing mix elements whereas, it can implement adaptation strategies when there is a need to satisfy the current market need.

2.4.1 Causes for Standardization and Adaptation Strategies

According to Akgün et al. (2014), the major factors that forces organization to follow standardization and adaptation strategies in marketing mix activities are as follows:

a. Product

Standardized product has a benefit of being ‘cost effective’ (Akgün et al. 2014). Nguyen (2011) also suggests that Standardized product has ‘high product image’.

However, different government regulations, local product standards, cultural differences and user’s habit forces organization to focus for the adaptation in the marketing mix activities (Akgün et al. 2014).

b. Price

Whenever, there is a standardized price of a product, it is considered as a low-risk strategy as with this strategy, fixed return is guaranteed. Good image of the multi-national organization is also one of the reasons to have a standardized price (Nguyen 2011). Akgün et al. (2014) explains that, with the standardized concept, no effort is made in order to maximize the profit or sales volume of an organization as they have same price for all the markets. Furthermore, it is often practiced while selling highly specialized manufacturing product (Akgün et al. 2014).

There are various reasons that force the organization to adopt the ‘adaptation strategy’ of pricing. According to Akgün et al. (2014), one of the major reasons is having the bad image of the international organization. With this strategy, profit and sales volume can increase because of the differentiated markets.

c. Place

The nature of the international market, local customer characteristics, nature of product, culture and local laws, legislation etc. affects organization to choose between standardized or adaptation strategy regarding distribution channel. In accordance to this, international organization can choose either virtual store or physical store to provide the services and products (Nguyen (2011; Akgün et al. 2014).

d. Promotion

A standardized promotional activity helps an organization to improve its image, customer’s trust and loyalty. This strategy is also helpful in improving efficiency and saving cost. Furthermore, standardized promotional activities are the trends of globalization (Akgün et al. 2014).

However, different environmental factors such as, cultural differences, political and legal requirements forces organization to choose adapted promotional strategy. The adapted promotional strategy has high rate of customer satisfaction (Nguyen (2011; Akgün et al. 2014).

2.5 The elements of the Marketing Mix

According to Londhe (2014) marketing mix is a matching process, where the strength of an organization is matched with the need of the customer. The major objective behind the marketing is to gain competitive advantage by satisfying customer needs, with unique value added products and services (ibid).

Marketing mix can't be considered as a theory. It is rather a framework that identifies how the product or services should be configured and offered to meet the consumer needs (Londhe 2014). In order to analyze the effectiveness of the marketing strategies, marketing mix need to be classified and analyzed. The effective method to analyze the marketing mix of the retailing business is by using four P's (product, price, place and promotion) approach (Burt et al. 2011).

The four elements of the marketing mix proposed by Jerome McCarthy (1960) are as follows:

- a. **Product:** It refers to the tangible objects or the intangible services produced/developed by an organization with an objective of offering to the customer in the local as well as global market.
- b. **Price:** It is the monetary equivalent that a consumer pays in return of the product or the services.
- c. **Place:** It refers to the distribution channel and explains how a consumer can get a product or service. Virtual stores, physical stores etc. represents the location where the service or product can be exchanged with the monetary value.
- d. **Promotion:** It refers to the activities that an organization performs in order to inform the consumer about their products and services (Gordon 2012).

During different interval of time, marketing mix has been modified ('4P', '4C', '4S', and 4'S's) so as to meet the need of that time. However, the modification made in the marketing mix could not provide mutual benefits to the customers and the organization because every stakeholder who is involved in the marketing process looks for 'value' (Londhe 2014). In response to this, Londhe (2014) has proposed 4 values model of marketing mix:

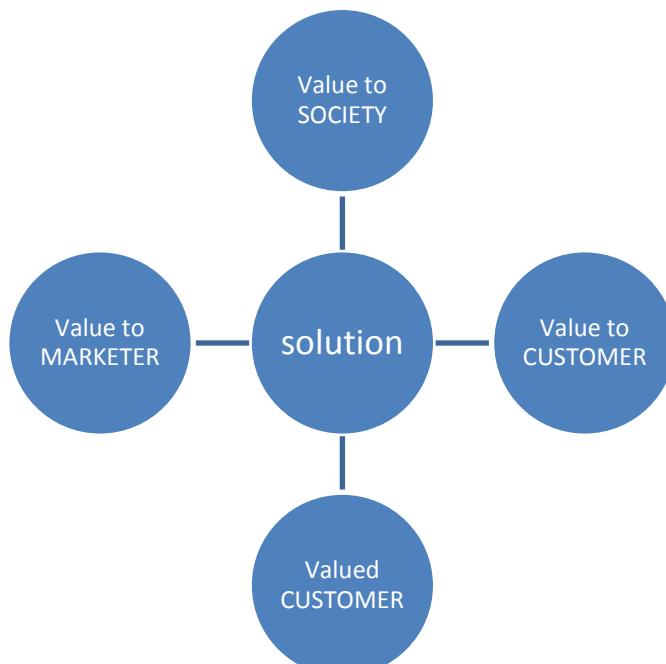


Figure 4: Four Values Marketing (Londhe 2014)

- a. **Valued Customer:** This component helps to identify the ‘targeted customer’ for an organization. It mainly answer questions like ‘Whom to serve?’ with the help of strategic segmentation (Londhe 2014).
- b. **Value to the Customer:** This component of marketing mix try to configure ‘what is being offered to the customer?’ It deals on the value proposition. This component evaluates whether an organization is offering just a product/normal service, rather than a solution to the customers’ problem. Customer friendly delivery system also adds value to the customer (Londhe 2014).
- c. **Value to Society:** Marketing process helps society by educating consumers. Marketing of environment friendly products contributes society in many ways. This component stresses that marketing process also need to concentrate on social benefits (Londhe 2014).
- d. **Value to Marketer:** This component explains the objective of marketer in marketing process. Competitive advantage, high brand image, profit etc can be the part of marketer’s objective behind marketing (Londhe 2014).

2.6 Consumer Oriented Marketing Model

In relation to the strategic marketing, Vollmer (2008) describes that we are in a consumer centered age due to the development of new technologies like iphone, internet etc. Therefore an organization should keep its interaction with the consumers through the entire segment of communication process. Nowadays, care of consumer has become an important task for an organization so as to make them loyal toward organizational products and services (Darling et al. 2007).

An organization need to deal with the technological difficulties of a product as well as have to manage all the product related services, which consumer expect to have available while purchasing a product. Furthermore, an organization should organize its market offering (i.e. product, terms of sale, distribution & communication) for each market in an effective consumer-oriented model so that they can able to get the target customers' attention (Darling et al. 2009).

Although major focus of the marketing mix is toward the formulation of product, terms of sale, distribution and communication processes (Darling et al. 2009), but value adding consumer service has become a major key of success for an organization in any market place (Prins & Verhoef 2007). An effective presentation of the communication mix components (i.e. internet advertisements, personal sale services, public relations activities, special promotions etc.) helps organization to encourage customer to buy the product and services. Furthermore, Darling et al. (2009) explains that an organization need to find out innovate approaches so as to implement consumer oriented marketing model and interactive advertisement in order to motive customer to buy to their satisfaction.

2.7 Value based services and Value co-creation

Organization can communicate the perception of value-in-use with the help of value based service brands. 'Corporate Social responsibility' is one of the approaches that an organization uses to communicate with the stakeholder in order to create the stakeholders value (Kotler & Lee 2005). In accordance to these approaches, Edvardsson et al. (2006) explain that organizations always try to avoid negative values like environmental pollution, exploitation of employees and cheap labor etc. Instead organizations prefer to communicate the attractive values like social

contribution, their recycling procedures and their ethical standards toward their customers (ibid). Furthermore, according to Edvardsson et al. (2006), values can be categorized into three parts:

- Social values (that can reach out to many people)
- Economic values (low price having good functional quality)
- Environmental values (that is motivated toward the protection of environment).

Value-in-use perception perceived by customer plays important role in the success of the organization. With an objective of providing unique and excellent service, organization should define value which needs to be co-created with the customers (Vargo & Lusch 2004). Edvardsson et al. (2005) explains that, these co-created values need to provide the solution to the customer problems. This type of value attribution also distinguishes excellent organizations from the average organizations (Johnston & Clark 2001).

Furthermore, Shaw & Ivens (2002) explains that the strategy of creating value to the customer and differentiating market offerings helps organization to retain and attract the customers.

2.8 Brands and Service Brands

Brand of an organization can be referred as a means of communication with the stakeholders. Brand differentiates products and services from the competitors and communicates how well the product is able to satisfy the customer needs (Kotler & Keller 2005). Kotler & Keller (2005) further describes that brand, helps consumer to understand about how the pricing of product is based on the consumer's perception of value. Ind (2004) also explains that organizational culture i.e. employee's way of interactions with the customer, internal and external relationship maintenance with the suppliers and partners etc. helps to create high brand value.

In a successful branding strategy, an organization should be able to combine their vision, organizational culture and the brand strategy (Hatch & Schultz 2001).

2.9 Relationship Marketing (RM)

The major objective behind marketing of an organization is to provide and communicate value proposition. Through marketing, organization should be able to communicate with the customer on how added features of a product can solve their problems or improves their situation

(Arslanagic-Kalajdzic & Zabkar 2015). Anderson et al. (2007) states that one of the major challenges to the organization is to show their value proposition is better than that of competitors. Relationship marketing therefore becomes very important in order to understand the level of value perceived by the customers. With the help of this kind of marketing, organization is able to differentiate their activities that produce value to the customers (Grönroos 1996).

According to Berry (1995), relationship marketing can be categorized mainly into three categories:

- a. RM based on pricing and tangible benefits i.e. free gifts, discount coupons etc. in order to attract customers and keep them loyal. This way of marketing is considered weakest as it can't generate competitive advantage.
- b. RM based on adopting the social values and culture of customers. To maintain relation under this category frequent interaction with the customer is required.
- c. RM that offers the solution to the customer problems and is mainly focused on service delivery system.

Relationship marketing helps to gain the customers loyalty. According to Huang (2015), preferential treatment to the customer is the most effective relationship marketing tactics as it creates strong bond between the customer and the organization.

2.9.1 Network relationship and the process of Internationalization

A single organization is limited in many ways in terms of accumulating all the unique resources available all over the world. This phenomenon highlights the importance of relationship of an organization with other business entities (Hadjikhani et al. 2008). According to Nohria & Eccles (1992), network relationship increases flexibility and provides organizational access to the unique knowledge. An organization can have different types of relationship network i.e. social, market, technological etc. which supports them in the process of internationalization (Fletcher 2008).

When an organization operates in the international market, the relationship with the suppliers becomes very important. In this scenario, multinational organization needs to align their

suppliers' activities according to their own strategic objectives and goals (Pagano 2009). The role of suppliers is very important in order to provide the resources and competencies to the local firm. With the help of those competencies achieved from their suppliers, organization becomes able to meet the need of their customers (Andersen & Christensen 2005).

2.10 Management of Cultural Differences in Multinational Organization

Multinational companies operate in two or more countries. Dereli (2005) explains that being multinationals is a need of today's organization, which is also the need of present economic structures that we have i.e. turning global to gain competitive advantage. In order to get the competitive advantage in an international market, Dereli (2005) suggest that companies need to produce goods and services in an operating countries rather than sourcing everything from the parent country.

Helvacioğlu & Özutku (2010) in their research article claims that multinational companies need to address cultural differences i.e. language, religion, education, values and attitudes, legislation etc. in order to be successful in an international markets. Culture can also be used to maintain social relations. Furthermore, organizational culture can help to change the people's mental & emotional feelings and imagination toward the physical product (Tutar et al. 2010).

2.11 Green Product Strategy

Majority of global population and entrepreneurs are more concerned nowadays, toward the environmental and ecological issues (Allen & Malin 2008). Because of this high awareness and consciousness, modern day society has a growing trend toward both the production and consumption of environmental friendly products, even during the period of economic recession (Nidumolu et al. 2009).

Frondel et al. (2007) also explains that entrepreneurs are more interested at the present days toward addressing environmental issues. Concepts like eco-design have become major factor in the product development area in order to gain the competitive advantage in the globally competitive and vulnerable markets (Brezet & Van Hemel 1997).

Furniture Industry has also been affected with this changing global trend. According to Albino et al. (2009), the concept of eco-furniture or green furniture can minimize environmental impacts. Along with this, the environmental compatibility feature of furniture needs to be considered in every stage of a furniture life cycle (Alhola 2008).

2.12 Innovation and Sustainability

In the global competitive market, need of new product development is crucial so that it can enhance performance and meet the customers' expectations (Schilling & Hill 1998). In consideration to the furniture industry green product design i.e. eco-furniture ensures environmental sustainability. In order to meet the recent green guidelines, along with the raw materials used in the production of furniture, production use and end life issues need to be properly addressed (Andersson & Koyumdzhieva 2012).

Wagner (2005) insists that organization need to innovate their operational and internal strategies in the following ways:

- Resource efficiency
- Use of renewable resources
- Reduction of energy, waste and emission of carbon-dioxide

These innovative strategies can help organization to reduce their environmental impacts and develop the core competence among the competitors (Wagner 2005). According to Rodgers (2010), decision of the furniture manufacturing organization to become eco friendly largely depends upon their values and attitudes.

Without the use of Information Technology (IT), product/service innovation process could become very difficult (Tidd et al. 2001). IT has been also considered useful in the process of redesigning (Davenport & Short 1990). Furthermore, Tidd et al. (2001) describes that, to improve the performance in the technological and product development stages, the role of IT is non-negotiable as it helps to speed up the development projects. The time and money both could be saved with the help of IT in the process of innovation as well.

2.13 Marketing capabilities influence on Economic Performance

The effects of organization's marketing capabilities have a positive influence on the international economic performance (Blesa & Ripollés 2008). Marketing capabilities refers to the skills and knowledge gained by an organization which enables them to coordinate and use their resources in an effective way (Day 1994). It is firm specific and helps organization in the process of customer linking, supplier channel bonding. That is why; Blesa & Ripollés (2008) refer it as a key factor for an organization to be successful in an international market. Johanson & Valhne (1977) explains that, with the help of marketing capabilities, customer knowledge, product development and adaptation techniques, as well as key marketing technique can be identified.

Furthermore, organizations overall marketing capability that has been achieved in a domestic market also helps organization in a positive way in an international market and is reflected in an economic result (Blesa & Ripollés 2008).

2.14 Recent Literatures on marketing strategies

In the area of international marketing, various researches have been conducted. During the last decade, several researchers around the globe have devoted their research work to find out the process of internationalization (Rundh 2003). Out of various research areas, standardization and adaptation strategy has become one of the key research areas of international marketing (Akgün et al. 2014; Larimo & Kontkanen 2008).

Akgün et al. (2014) also conducted a research on the marketing activities. Their research topic was "Standardization and Adaptation of International Marketing Mix Activities: A Case Study". In order to find out the degree of standardization or adaptation, Akgün et al. (2014) used a descriptive single holistic case study of Turkish furniture firm which were operating globally in 65 countries. In this research study, Akgün et al. (2014) has concluded with following three findings:

- The most adopted elements of marketing mix are price and place elements.
- Mostly, product concept, color and packet in product mix are adapted, whereas, label and the brand name of products are standardized.
- The most standardized element of a marketing mix is the promotion element.

-Theoretical Framework-

Helm & Gritsch (2014) has examined the influence of uncertainty on marketing mix strategy elements, in emerging business to business export markets. Their research was also focused to find out whether marketing program in international market is adapted or standardized. They considered the case of German companies which were working in different international business to business market. Their research study reflects that, the adaptation of promotional tools and price is necessary in international market, as it is influenced by the local culture of the country. Helm & Gritsch (2014) further stress that the adaptation of marketing mix elements – price and promotion shows that organization is culturally aware in the operating country. According to them, adaptation strategy is also important to reduce the uncertainty of the organization's existence. However, Helm & Gritsch (2014) study shows that the adaptation of product and distribution strategy is not significant.

Burt et al. (2011) conducted a research to find out the standardized marketing strategies in retailing. They have considered the case of IKEA in international market. The major objective behind this research was to find out the degree of standardization in four marketing mix activities i.e. merchandise, location and store format, the selling and service environment, and market communication. Their study suggests that the standardization concept in international retailing environment is all about replicating the service concept rather than replicating the activities.

Bharadwaj et al. (2009) have studied on the consumer response toward the customized versus standardized system. They have collected their data from one hundred and seventy five undergraduate students. This study shows that customers prefer customized products if they are expert and have greater insight into their own preferences. In this situation if customers get customized products than the repurchase intention toward the same vendor increases. However, Bharadwaj et al. (2009) suggest that organization should offer standardized products to those customers who lack insight into their preferences. This study shows that organization should have both the standardization as well as adaptation strategies in order to be successful in the international market.

Theodosiou & Leonidou (2003) has done integrative analysis of 36 studies dedicated toward standardization and adaptation strategies, its previous circumstances and performance outcomes. According to this research study, an organization chooses between the standardization and adaptation approach with an objective of achieving superior business performance in accordance

-Theoretical Framework-

to the different set of circumstances that organization faces in a particular international market at a specific time period.

Michell et al. (1998) has also conducted research on the standardization and localization of the marketing mix program. They took the case of 63 multinational companies of UK which were operating in a developing market (the six Gulf States). This study shows that product strategies of a firm are much standardized whereas; promotion, distribution and pricing strategies are localized. They also concluded that industrial product firms offer more standardized strategies as compared to the consumer goods firm.

By analyzing recent literatures on the standardization and adaptation approach, I found that most of these studies are devoted to find out the degree of standardization/adaptation in related to 4 Ps of marketing mix elements i.e. product, price, place and promotion. However, in this study I will be analyzing the standardization and adaptation approach in accordance to the 4 values model of marketing mix proposed by Londhe (2014). This research will be unique in a way that previous researches have not considered the 4 values model of marketing mix. Furthermore, through this research study I aim to find out whether adaptation/standardization of the marketing mix elements has influence in the performance of an organization in an international market.

3. Research Methodology

This chapter illuminates the different methodological choices encountered by the author during the research period. This chapter not only explains the research philosophies, approaches, strategies and designing process but also comprises the reasons behind the author's selection of the specific method. In addition to this, the data collection process is discussed in detail. Likewise, the discussion on reliability and validity of the research is presented at the end of the chapter along with the ethical considerations.

3.1 Research philosophy

Research philosophy helps to find out the appropriate research approach and strategy to address the research question. There are two types of research philosophies and they are ontological philosophy and epistemology philosophy (Bryman & Bell 2007). Both these research philosophies differ from each other and have a influencing to the research process (Saunders et al. 2009).

Ontological philosophy mainly focuses on nature of reality (Saunders et al. 2009). Relating to the subject of existence, the ontological philosophy is highly focused on the nature of human being and the world (Bryman & Bell 2007). According to Bryman & Bell (2007), there are two aspects of ontology and they are Objectivism and Constructionism. Objectivism believes that in social actors, the social phenomenon and their meaning exist independently (ibid). Contradictory to this, Bryman & Bell (2007) states that social actor accomplishes the social phenomena and their meaning thoroughly in Constructionism. Moreover, Constructionism emphasizes that actor and social world are correlated (ibid).

Epistemology philosophy tries to focus on validity of knowledge in some specific area of study (Saunders et al. 2009). There are two concepts in epistemological philosophy and they are interpretivism and positivism (ibid). Bryman & Bell (2007) explains that, interpretative research must be brought into operation, so that with the help of interpretation, the situation can be studied and understood. On the other hand, positivism is more focused on the application of natural science techniques for the understanding of social reality and beyond. This approach

generates some hypothesis and tests those hypothesis to prove the existence of reality (Bryman & Bell 2007).

Ontological philosophy and epistemology philosophy are good in different concepts. Therefore, the selection of research philosophy is to be based on the nature and type of research questions to be answered (Saunders et al. 2009).

This thesis work contains both ontological and epistemological approaches, as Bryman & Bell (2007) suggest that, ontological and epistemological philosophies cannot be separated in business research. Also this research study has applied the interpretivism approach of epistemological philosophy. The interpretive approach is mainly based on qualitative research method, which focuses on interpretations by understanding human actions. However, under this approach the issue of relevance can occur because while interpreting the information or data, the way of interpretation influences the result of the research. To overcome this problem, Constructionism approach under ontological philosophy is applied in this thesis work, which emphasizes that social properties are the outcome of interactions between individuals rather than external reality (Bryman & Bell 2007). By adopting these approaches, this research study not only focuses on the marketing strategies applied by IKEA but also try to clarifies how frequently those strategies are modified and implemented in the changing scenario of business environment.

3.2 Research Approach

Saunders et al. (2009) explains that, there are two major approaches to address the research questions i.e. Deductive and Inductive.

In the field of natural science the deductive approach is the dominant research approach. This approach generally refers to a theory testing process that is commenced with a developed theory or generalization. Then it examines whether the theory applies to specific circumstances (Hyde 2000). One of the important features of deductive approach is that it seeks to explain casual relationship between variables. This approach is mostly useful while collecting the data of quantitative method (Saunders et al. 2009).

-Research Methodology-

According to Long et al. (2000), the deductive theory is most applicable when a researcher tries to test the relevancy of an already developed theory in different environments. Furthermore, Bryman & Bell (2007) suggest that the deductive approach can be mapped in the following way:

Theory → Observations/findings

In contrast to deductive theory; Inductive approach is generally associated with the theory building process. It starts with the observation, and the process includes collection of data and analysis, in order to establish a different insight about the phenomenon under investigation (Hyde 2000). This approach is mostly followed for collecting the data for qualitative method (Saunders et al. 2009). According to Bryman & Bell (2007), if the objective of researcher is to develop a new theory, the inductive researcher generally follows grounded theory approach to analyze data. Saunders et al. (2009) also argues that inductive method is a common approach within social science while developing a new theory or concept. According to Bryman & Bell (2007), the inductive approach can be mapped as:

Observations/findings → theory

In this research study, I have tried to use both deductive and inductive approach. At starting, I have constructed a theory on marketing. Furthermore, I have discussed about the marketing strategies and its types. On the basis of constructed theoretical framework an interview guide is developed for the collection of necessary data and information. Following this process, empirical findings of IKEA based on primary sources and secondary sources are tested with the developed theoretical framework to develop insight for the effectiveness of marketing strategy practices. After the analysis of this research study, if the constructed theory does not differ than that of empirical findings, no new theory or concept will be generated. However, if the findings seemed to be different than the constructed theory, then the diagnosis of the theoretical problems of marketing strategies will be done. According to Bryman & Bell (2007), this process creates condition to seek the validity of theory. The employed research method in this study, can be mapped as:

Theory → Observations/findings → theory

3.3 Research Strategy

According to Bryman & Bell (2007), there are mainly two research strategies i.e. qualitative and quantitative research strategy, following which research can be carried out.

Quantitative research strategy is the dominant research study in business researches. This research strategy seeks to explain the general characteristics of a large group. This strategy does not give attention to the details of each particular figure (Hyde 2000). This strategy is generally applied for statistical analysis of any business research. It reflects the deductive relationship between theory and research. Moreover, this strategy supports positivism of natural science approach for conducting a research (Bryman & Bell 2007).

However, qualitative research strategy, seeks to define the particular subject area, rather than creating a generalized concept by studying population. Qualitative research approach generates particular conclusion of each and every case. It produces detailed data from the study of small number of individuals (Patton 1991). It reflects the inductive relationship between theory and research. Moreover, this strategy supports interpretative view and is more focused on understanding of social world through the process of examining and analyzing the interpretation (Bryman & Bell 2007).

I have implemented qualitative research method in this research study believing that detailed information can be gathered as compared to quantitative method. My aim is to study how marketing strategies of a company are practiced on international level. Moreover, the marketing strategy issue is highly subjective and depends on country, culture and organization, so in my view qualitative research method is appropriate for this type of study. According to Bryman & Bell (2007), participant observations, qualitative interview, the collection and qualitative analysis of text and documents and focus groups are the various ways to conduct a qualitative research. I have adopted qualitative interview method and qualitative analysis of collected text and documents, in this research study. Miles & Huberman (1994) also argues that this process helps to study the daily routines of an organization and helps to effectively analyze the situation and techniques that they apply.

3.4 Research Design

Research design is an overall plan of a study that guides to the procedures of answering the research question (Saunders et al. 2009). Bryman & Bell (2007) argues that research design is a framework that provides information for collection and analysis of data and information. There are five different types of research design as mentioned by Bryman & Bell (2007) and they are experimental, cross-sectional or social survey, longitudinal, case study and comparative designs.

In my research study, I have followed case study design. My research is based on a single case company i.e. IKEA. Considering the single case of IKEA, I have conducted a detailed and intensive analysis of my research question. Bryman & Bell (2007) explains that there is high tendency of relating case studies with qualitative research. They further describes that, when qualitative research strategy is implied in a case study, it reflects the inductive view among theory and research.

3.5 Data collection process

To fulfill the research question's objective, relevant information is collected with the help of data (Ghauri & Gronhaug 2005). Primary source and secondary source are the two sources of data collection process. Re-analyzing the data which has been already collected for some other purpose is known as secondary data. Secondary data includes both published materials i.e. books, journal, articles, organizational reports, organization website as well as unpublished materials like raw data, internal documents etc (Saunders et al. 2009). On the other hand, if the researcher is involved in the process of gathering the information or data in relation to their research questions, then the data collected is called primary data (Bryman & Bell 2007).

For my research, I have collected both primary as well as secondary data. Interview, annual report, websites, various published reports, brochures, etc were reviewed for the discussion of IKEA's marketing activities. As Bryman & Bell (2007) suggested, the collected data and information are followed by qualitative analysis.

Since secondary information is not enough for the case study purpose, primary data is also collected for the fulfillment of the research questions as suggest by Bryman & Bell (2007). I have followed the interview method to collect the primary data. According to Saunders et al.

(2009), interview method helps to gather valid and reliable data. Also, Bryman & Bell (2007) mention that interview is one of the most common methods followed by most of the researchers for qualitative research. There are mainly three types of interview i.e. structured, semi-structured and unstructured or in-depth interview. Also, interview method can be formalized and structured or can be informal and unstructured (Saunders et al. 2009). Bryman & Bell (2007) describes that unstructured interview and semi-structured interview are the major types of interview under qualitative research.

My research design on marketing strategies is based on semi-structured interview which is build in accordance with the theoretical approach to such kind of research i.e. interview guide (Bryman & Bell 2007). Moreover, Bryman & Bell (2007) mentions that semi-structured interview method covers vast contextual area, and this method allows researcher to vary the sequences of questions as well as to ask additional questions in the conversations.

Instead of telephone and face-to-face interview, I have conducted e-mail interview because of the distance gap (i.e. different country). E-mail interview has some advantages i.e. it is quicker to administer in comparison to face-to-face interview as interviewers do not have to spend time and money for travelling to the respondent. Moreover, the characteristics or attitudes of the interviewer like class or ethnicity can affect the replies of respondent in face-to-face interview while the remoteness can avoid this problem (Bryman & Bell 2007).

I had sent the interview guide to IKEA managers in four countries i.e. Norway, Sweden, China and France. However, I did not get response from all the countries. I got response only from Norway and Sweden. In the case of China and France, I collected data with the help of secondary sources.

3.6 Quality Criteria

Establishing and evaluating the value of research is an important part in the qualitative research. To evaluate the truthfulness or relevancy of qualitative research, Bryman & Bell (2007) suggests, two quality criteria i.e. reliability and validity.

3.6.1 Reliability

Reliability is the level of degree, which shows whether research is replicable. Moreover, it explains, to what extents the information or data collection technique and steps of analysis provides consistent result (Saunders et al. 2009). According to Miles & Huberman (1994), the reliable research should be long lasting or consistent when applying the same method. But, Bryman & Bell (2007) argue that because of the unstructured data and analysis based on the subjective learning of researcher, the qualitative research is hard to replicate.

For my research, I agree with both Miles & Huberman (1994) and Bryman & Bell (2007). The standardized strategy of IKEA will be the same or consistent whereas the adaptive strategy changes according to the time. So the findings of this research are replicable to some extent.

3.6.2 Validity

Bryman & Bell (2007) explains that internal validity and external validity are the two perspectives to observe the validity of a research. Internal validity tries to measure relevancy between the researcher findings and the theoretical concept. Whereas, external validity explains in which extent the research findings can be generalized (Bryman & Bell 2007).

This research paper can be considered to have high degree of internal validity as compared to external validity, as the respondents have good knowledge on the marketing strategies of IKEA.

3.7 Ethical Consideration

Bryman & Bell (2007) explains that, ethics are the code of conduct and the procedures that a researcher should follow at various steps of business and management research. I have followed qualitative research strategy in this research work and the data are collected and analyzed by employing mix methodology i.e. published document and semi-structured interview.

Moreover, Bryman & Bell (2007) mentions that ethical rules cannot be disregarded as they are directly connected to the integrity of the research. In theoretical part, the literatures I have used and referenced while writing the other section of the research paper have been properly cited with complete reference list in order to avoid the plagiarism.

4. Empirical Findings

This chapter presents the findings on the research area, which the author has constructed with the help of primary as well as secondary sources. In the beginning of the chapter, the standardized marketing strategies of IKEA are presented along with its marketing mix components features. Subsequently, IKEA's marketing strategies in the case countries i.e. Norway, Sweden, France and China are presented at the end of the chapter.

4.1 Overview of an organization - IKEA

Ingvar Kamprad, the founder of IKEA was born in Småland in southern Sweden in 1926. He was raised in a farm called 'Elmtaryd' near the village of 'Agunnaryd'. At the age of 17 Ingvar got a sum of money from his father as a reward of good results in his study and Ingvar used that money to establish his own business. In 1943, Ingvar came up with a name of IKEA, with his first two initials i.e. I & K along with the initials of his farm and village i.e. E & A. In the beginning Ingvar used to sell pens, wallets, watches, jewellery etc. in a low price (IKEA 2015q).

After the year 1948, Ingvar introduced furniture in the product range of IKEA which was locally produced by the local manufactures close to his home. When Ingvar got the positive response, he published first IKEA catalogue in 1951 and then started first IKEA furniture showroom in 1953 in Älmhult, Sweden (IKEA 2015q).

Flat packaging giant IKEA got the initial idea about flat packaging system when one of its co-workers removed the legs of the Lövet table, with a purpose of fitting that into the car in the year 1956. Ingvar started first IKEA store in 1958 in Älmhult with 6,700 sq. m. of home furnishing (IKEA 2015q).

At present, IKEA has 315 stores in 27 countries offering more than 9,500 product ranges. In the fiscal year 2014 the sales of IKEA worldwide was €28.7 billion. IKEA has been first choice of many households all over the world. In 2014 IKEA recorded 716 millions store visit and 1.5 billion visits to its website i.e. IKEA.com (IKEA 2015e).

4.1.1 IKEA's Vision and Business Idea

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'* (IKEA 2015).

IKEA vision is *'to create a better everyday life for the many people'* (IKEA 2015).

4.2 Standard Strategies of IKEA

4.2.1 Low Cost Leadership

IKEA has been effective in the area of managing the shortage of resources and the impact of the climate change through sustainability. With a vision of creating *'a better everyday life for the many people'*, IKEA adopted sustainability as an integral part of its business (IKEA 2015).

IKEA focused to set a low price to their qualitative products so that as many people as possible can afford their products. With this vision IKEA has been able to contribute to a better home for people with ordinary incomes. IKEA has been able to make small but significant contribution by recognizing impact of their business and the role they have in society (IKEA 2015).

IKEA has been always striving to make more from less. They are trying to control their wastages and try to use most out of the scare resources. This process of economizing with resources is the part of core IKEA values (IKEA 2015).

4.2.2 Green product Strategy

IKEA uses sustainable raw materials. According to Interbrand (2015), more than two thirds of the cotton and 32 percent of the wood, that IKEA uses, to manufacture furniture comes from sustainable sources. Currently it is also a large investor in clean and renewable energy.

For the environmental, economic and social well being sustainability IKEA introduced following initiatives:

-Empirical Findings-

a. IWAY – The IKEA Way:

IWAY stands for code of conduct for suppliers and was first launched in 2000. This policy is dedicated toward preventing child labor (IKEA 2015).

b. IKEA Goes Renewable:

Under this strategy IKEA tried to produce more renewable energy than they consume throughout IKEA buildings and operations. In all their 120 stores and warehouses they have installed solar panels. Along with this they have wind farms in six countries. Through these policies they have been able to produce 27 % of the electricity needed to run their operations (IKEA 2015).

4.2.3 Promotional strategy

The major marketing strategy of IKEA since 1951 is to distribute IKEA catalogue among the peoples. This catalogue has been very successful in order to show the products that IKEA offers and to show how these products can be used as a source of inspiration in home furnishing ideas.

In the fiscal year 2014, IKEA printed 217 million copies of catalogue in 32 languages, using 37 paper and print suppliers. IKEA offer their catalogue in the paper and digital format. IKEA spends almost 70 percent of its annual marketing budget for the designing and production of its catalogue. In the year 2014, 43 million visits have been recorded to the IKEA catalogue app and 53 million visits have been received by IKEA to its online version of catalogue (IKEA 2015).

IKEA launched its first sustainability marketing campaign in the UK and Ireland in February 2014. Television, radio and social media has been used as an advertising means in the campaign through which IKEA shared a tips and ideas on how people can become more efficient to manage waste, energy and water in their homes by using IKEAs products. This campaign was a great success to IKEA as during the campaign sales volume of LED bulbs increased more than tripled, and the number of visitors to the IKEAs online website increased by 30 times (IKEA 2015).

4.2.4 Relationship Strategy

Through various program and campaign, IKEA is focusing to increase the customer engagement so as to inspire them to live more sustainable life at home with the help of IKEAs products.

IKEA conducted 'Ideas festival' in their UK stores in fiscal year 2014, where they promoted their products as a source of sustainable life at home. This festival was very successful and it conveyed a message on how quality of life can be achieved by living in an efficient way with the IKEAs products (IKEA 2015).

In April 2014, IKEA conducted a program called 'Zero-Waste Cook-off' in France. This program was mainly conducted to demonstrate how IKEA products can be useful to create not only delicious but also sustainable food. This program was a huge success and able to convey message to almost 13 million people through social media and blogs. For the innovative idea, IKEA France was awarded with the Sustainability Leadership Prize at the TOP/COM Consumer Awards 2014 (IKEA 2015).

IKEA Poland provides continuous online guides on LEDARE lights and Lyocell fabrics. Their focus is to make consumers understand how this type of lights is environment friendly and how consumer can get practical benefits by using LEDARE lights (IKEA 2015).

4.2.5 Loyalty Program

For its loyal customers, IKEA has a loyalty program called 'IKEA FAMILY'. After being a member of IKEA Family, a customer can get special price on the IKEA's product ranges. IKEA believes that, their products like a cookbook for leftover food, which is one of the products in the IKEA Family range, helps their customer to live more sustainable life (IKEA 2015).

IKEA constantly inspires IKEA FAMILY members with the following two ideas in order to live a more sustainable life:

- IKEA organizes the program called 'Mega Event'. It is a sustainability themed day program which aim to engage, inspire and inform customers on how they can live in a sustainable way, with the help of IKEA products.

-Empirical Findings-

- IKEA also organizes ‘The Home Furnishing Workshop’. This program inspires customers on how furniture could be effectively arranged in their houses (IKEA 2015).

4.3 Marketing Mix component of IKEA

IKEA exhibits all aspects of the marketing mix through its business culture. Due to of its unique business vision IKEA has been able to increase its brand image by encouraging customers to experience ‘The IKEA concept’. IKEA has been unique in each and every of the following marketing mix components:

4.3.1 Product

IKEA is known for its qualitative products. It has been able to offer wide varieties of home furnishing products useful for every area of the home. More specifically IKEA offers its products in different styles in its outlets so that a consumer gets an opportunity to find out what they actually need.

The IKEA concept started with the idea of providing range of home furnishing products at an affordable price. ‘The IKEA concept’ is also a guideline regarding how the product should be designed, made, packed, delivered and sold (IKEA 2015a)

In IKEA, most of the Ideas of product design and development are generated on the factory floor, where the interaction between co-workers takes place. This type of interactions has been useful in order to address environmental and social issues related to the products (IKEA 2015c).

While designing products IKEA focuses mainly three major areas:

- Customer quality perception
- Costs of poor quality
- Secure compliance (IKEA 2015b)

Packaging in an effective way has also been one of the biggest success factors for IKEA. IKEA products are always designed in such a way that it can be transported in flat packs which are then assembled at the customer’s home. This technique has been very useful in order to minimize the transportation and storage costs (IKEA 2015d).

-Empirical Findings-

IKEA product development teams also travels all around the world so as to find new solutions for making good and sustainable design of a product with better function and quality. After this, large volume of product is produced to push down price as much as possible in order to make the product more affordable (IKEA 2015d).

4.3.2 Price

Price has been always one of the strong qualities of IKEA. In order to make their products more affordable, IKEA has been continuously setting lower price to its products. It is because; IKEA is dedicated toward laying the foundation for contribution to a better home for people with ordinary incomes.

IKEA provides good quality products in low price with the help of standardized product range, partnering with low cost manufacturers and selling furniture in high volume in the global market. While choosing its supplier, they give more priority to the low operational cost i.e. labor, raw material and logistic. IKEA has been able to spread positive messages to its suppliers where a mainly volume enables development, profits and growth (IKEA 2015b).

In the year 2014 total sales of IKEA was EUR 28.7 billion from 315 global stores. With the help of 1002 home furnishing suppliers from 51 countries, IKEA has offered around 9500 different products in its stores globally in the year 2014 (IKEA 2015e).

4.3.3 Place

IKEA has well strategically placed stores all over the world. It has 315 stores in 27 countries (IKEA 2015e). In each and every stores of IKEA, products are displayed in a scientific and effective manner.

Furthermore, additional information like outlet pictures and floor painted arrows helps customer to find out the product that they are looking for. It is easy for the customer to find out what they need in the IKEA outlets, because all the products are shown visually by placing them in a model room (IKEA 2015e).

-Empirical Findings-

The option of e-shopping is available in IKEA's website where the specification of product in detail can be obtained. In addition, IKEA provides restaurant facilities in its every outlet along with the safest play area to the children.

4.3.4 Promotion

The major promotional tool of IKEA is its free catalogue which contains the details of available products price, size, and features. IKEA has been also getting publicity by donating its products, service and funds to various causes. The IKEA group also works together with trade unions, NGOs and social organizations in order to improve their organization's impact on both society and environment (IKEA 2015f).

IKEA has a partnership with the WWF (the global conservation organization) in order to preserve environment. Furthermore, IKEA is also partnered with UNICEF, Save the Children and UNDP to cope with the social issues. This involvement of IKEA with the global organization to address social and environmental issues has helped to strengthen the relationship between IKEA and the society (IKEA 2015f).

4.4 IKEA's Marketing Strategies in Different Countries

4.4.1 IKEA in Norway

IKEA had opened its first store in Älmhult, Småland in 1953. After 10 years of its operation, IKEA opened its first international store in Norway. IKEA has altogether 7 stores in the Norway. IKEA in Furuset is one of the biggest warehouses that IKEA has in Norway (IKEA 2015g).

The targeted customers of IKEA Norway, are mainly women who are at the age 25-45. In Norway, IKEA has implemented following marketing strategies besides their standard strategies to get the attention of the targeted customers:

1. Organizes social events in a regular interval of time period

IKEA Norway conducts many social events as one of major marketing strategies. Till date IKEA Norway has conducted following campaigns:

a. Opened a Hostel for customers

In the year 2007, IKEA opened a hostel in its Oslo outlet. The hostel included a dormitory, family rooms, bridal suite and a luxury suite where customer can get breakfast in the bed. Those customers who wanted to continue shopping on the next day could stay in that hostel with free of charge. Every day, 30 lucky people got chance to stay in that hotel. This event took place for a week (Theguardian 2015).

b. Virtual flea market

IKEA Norway is working closely with its customer for the sustainable environment. In one of its campaign, IKEA helped their consumers to become sustainable reseller.

IKEA has created a campaign in Oslo and asked their Norwegian customers to submit their request, if they wish to resell their old IKEA furniture. IKEA helped to broadcast their customer's furniture with the help of print and outdoor ads. IKEA used its Facebook page to advertise this 'Second Hand Campaign'. They also added respective seller phone numbers

-Empirical Findings-

along with the product, so that prospective buyer could get more information if required (BrandChannel 2015).

According to Sweden IKEA's CEO Peter Agnefäll, this kind of activities reflects IKEA's vision toward sustainable future as this type of activities ensures that IKEA's products are used in the longer terms (BrandChannel 2015).

c. Social Catalogue Campaign

IKEA Norway has been using its Facebook account 'IKEA Norge' as the main source to reach out to customers. In Norway everybody gets IKEA catalogue in their mailbox. IKEA planned to spread this catalogue in the social media with the help of customers. In the year 2014 they started a campaign where people could take a photograph of one of their favorite product from catalogue and share that product in the Facebook and Instagram. Every week IKEA selected one winner who got the same item that the person posed in the social media (The SocialPractice 2015).

IKEA Norway has 214,000 followers in Facebook and 41, 000 followers in Instagram. This social media has been effective place for IKEA to share their ideas and concepts to the customers.

d. Organized Drawing competition

IKEA Norway most of the time comes to the front with new concept of events. This year they organized a drawing competition with the aim to design IKEA soft toy new collection. IKEA collected more than 780 pictures from all over the world. The Norwegian juries, which consist of representative from UNICEF, Save the Children and IKEA employees, selected 20 drawings out of those 780 for the final selection. After this, a judging panel of specialist selected 10 drawings on the basis of design feature and sales potential. IKEA is targeting to launch those 10 types of toys in autumn 2015 IKEA stores worldwide (IKEA 2015h).

2. Unique Digital Approaches

In the summer 2014 IKEA launched a new web catalogue in the Norwegian market. This interactive catalogue is based around a family who starts their day with the IKEAs products. This

-Empirical Findings-

advertisement includes lots of interactive moment where the information regarding price and the features of the product is provided. This catalogue was aimed to promote IKEA's renewed bed and bathroom collection (IKEA 2015i).

3. Extra facilities for Business Houses

IKEA has launched Office planner in their website. Because of this, now each and every office can plan their office whenever they like with the help of this tool.

In addition, when an organization opens IKEA business account with IKEA, they get 30 days interest-free credit for the items they purchase from the IKEA store (IKEA 2015j).

4. Children friendly Stores

i. Family Parking

IKEA stores in Norway offers family parking spaces in their parking areas for families with prams and small children. These parking spaces are normally wider in size than the normal parking spaces. This strategy of IKEA has helped parents to easily lift their child in and out of car seats without disturbing the car parked in the next parking space (IKEA 2015k).

ii. Children's menu in the restaurant

IKEA in Norway has started offering children menu in their restaurants. The quantity and the price of the food is normally half than that of regular. If the baby child is hungry, IKEA serves free baby food on glass in the restaurant (IKEA 2015k).

iii. Children Playroom

IKEA has a playroom for children. Children can play under the supervision of IKEA personnel during parents do shopping. IKEA in Norway even have a cinema in the restaurant dedicated to the children. IKEA in Norway also provides free baby food and diapers to the children (IKEA 2015k).

5. Collaboration with Hertz

IKEA has collaboration with the vehicle renting company Hertz. IKEA customers can rent a vehicle at the discounted price. This agreement is really helpful to those customers who live in the different cities than that where IKEA outlet is (IKEA 2015l).

4.5.2 IKEA in Sweden

IKEA opened its first store in Älmhult, Småland, in the year 1958. IKEA has total 20 stores in Sweden as of 11 April 2015.

IKEA Sweden has implemented following marketing strategies in Sweden:

1. Marketing strategies

IKEA's vision is to target 'as many people' as possible but in recent years, IKEA's target market in Sweden is more focused towards women between the ages 20-49. IKEA is also targeting female customers who have the children. But in recent years, aged people (55+ age group), who are living alone without their children, and are in a good financial condition has also become target group for IKEA (Burt et al. 2011).

IKEA is well known for its low price in Swedish market. It provides furniture products at lower prices as compared to its competitors. Since Sweden itself is one of the largest sourcing countries, prices of products that are available in Swedish market have been reduced by 20% over the past 8 years (Burt et al. 2011). The low price strategies have been one of the major marketing strategies of IKEA in Sweden. In addition to this, the flat packaging system is widely accepted in Sweden. This type of packaging strategy helped IKEA to reduce the inventory cost thus helping them to reduce the product cost.

In Sweden, IKEA uses its stores as one of the major marketing tool. Qualitative products with lower price have been helping IKEA to retain its existing customers. In order to attract new customers, large stores are built so that customers get better access to IKEA products.

The major promotional tool of IKEA in Sweden is the free catalogue which is also considered as a source of inspiration to the customers. IKEA family scheme which was introduced a long time

-Empirical Findings-

ago is still an important marketing tool of IKEA. Along with this, web page and advertising has also played a vital role to attract customers (Burt et al. 2011).

In Sweden, IKEA stores are located outside the city centers with options of transportation. But they provide their customers with the pick-up and delivery services with a nominal fee. Moreover, trailers to carry goods that can be attached in private cars are provided by IKEA for free with obligation to return it no later than 11:00 am the next day. Of course a certain amount is to be deposited while borrowing a trailer, which is released after the trailer is returned (IKEA 2015p).

2. Motivation to employees

In fiscal year 2014, IKEA introduced a loyalty program that rewards the co-workers for their contributions. The program is called 'Tack' meaning 'thank you' in Swedish. In this program all the fulltime employees, no matter what position they have and how much salary they receive, are provided with same contribution to their pension plan. In addition to this, for the part-time employees the program rewards in proportion to how many hours they have worked. This program was aimed to appreciate and motivate employees for their better performance (IKEA 2015o).

3. Democratic design

IKEA adopted a strategy called 'democratic design' which is combination of good quality, form, function and sustainability with lowest possible price. Every project is carried out with this design along with the combined knowledge of different specialists. This strategy is believed to make the IKEA product unique and attractive (IKEA 2015o).

4. Organize events on regular basis

Recently IKEA at Älmhult has organized painting event especially focusing for children. They have given the name for this event as 'Spring Break at IKEA Älmhult'. This event is carried on during weekdays, where the participating children get necessary utensils in order to make a drawing (IKEA 2015n).

5. Meatball scandal

In its trademark blue and yellow megastores, IKEA provides facilities of cafeteria-style restaurants that offers Swedish dishes like meatballs, which are served with boiled or mashed potatoes, gravy and lingonberry jam. But in 2013 IKEA became entangled in the same meatball scandal. This came out when Veterinary administration authorities of the Czech Republic said that they found traces of horse meat while testing of a 1 kilogram package of frozen meatball with beef and pork label. The authorities said that they found horse DNA in only one pack of IKEA meatballs. Reacting to this, IKEA made the withdrawal of meatballs from the stores of 21 European countries including Hong Kong, Thailand and the Dominican Republic that receives meatballs from same Swedish supplier. Ylva Magnusson, IKEA spokeswoman said that they made this extraordinary effort just to make sure that no one gets worried (Huffingtonpost 2013).

4.4.3 IKEA in China

IKEA entered in China in the year 1998 as a joint venture company. IKEA has 18 stores in China till date.

In the year 2012, 45 million visitors were recorded in the IKEA stores in China (BBC 2015).

1. General Strategies

IKEA's targeted customers are normally all age grouped people, whereas in China the main targeted group is female of around 30 years old. IKEA believes that in Chinese society, it's the female who normally makes decision in the home. This young middle class population of China normally has higher income and also most of them are aware of the western brand and styles. This strategy helped IKEA to target mass well educated market of China, thus resulting to the huge increase in the sales percentage (Chu et al. 2013).

IKEA has also made adjustment in its product. By considering the fact that Chinese people are shorter, IKEA produced 190cms of standard sized beds instead of 200cms. Also, IKEA China has added special balcony section in its store as many Chinese people have balconies in their apartments (Chu et al. 2013). This new concept adopted by IKEA helped its Chinese customers to get ideas on how balcony can be furnished.

-Empirical Findings-

IKEA is normally known for quality products and low price. But Chinese economic condition is very low. The lowest priced furniture sold by IKEA in Europe also became more luxurious and expensive item in China. This has been the major problem faced by IKEA in the beginning. To solve this problem IKEA started to produce its products locally by using local raw materials. IKEA also produced all its products in huge quantities. The localization of product source has helped IKEA to reduce the product price by huge margin making it affordable in Chinese market. These local factories that IKEA has set up in China also helped IKEA to solve the problem of high import tax. After the establishment of these factories, IKEA cut its product prices by more than 60 percent in Chinese market (Chu et al. 2013).

IKEA's stores are generally situated in the outskirts of the city. However, in case of China, IKEA stores are situated near to the city Centrum so that it is easily accessible through public transportation means. Most of the Chinese people do not own private car and use public transportation, therefore this strategy of IKEA is very effective (Chu et al. 2013).

The major marketing tool of IKEA is its Catalogue. However, in China, IKEA does not use its catalogue as a major marketing tool. Advertisement is done centrally through Chinese social media and micro blogging website 'Weibo'.

IKEA China has partnered with number of entrepreneurs who run home transport services for IKEA's customers. These companies also assist in assembling the purchased furniture. Most of the Chinese people are not used to with the 'Do it yourself' service, therefore this strategy is more helpful in China (Johansson & Thelander 2009).

2. More priority to the Families with children

In the fiscal year 2014, IKEA launched a theme called 'All moments count'. The main objective behind this theme was to create home furnishing solution that helps the children to participate in all the activities together with their parents like while playing games, watching a movie or while cooking etc. For example, IKEA introduced a simple tool like 'Step stool' which a child can use in the kitchen to reach to the height of kitchen countertops and enjoy cooking together with the parents. China alongside with Italy, Finland and Russia executed this strategy in an effective way. This has resulted good business results in China (IKEA 2015m).

3. Customized store size

IKEA stores in China are not similar to that which is in Europe or other countries. Chinese apartments are quite smaller than we normally have in Europe. To adjust this change, IKEA China also adjusted its store size according to the Chinese standards. All the rooms' settings and the size of kitchen that IKEA store displays meets the Chinese standards (Johannson & Thelander 2009).

4. Different customer perspective

Traditional furniture stores in China, does not allow its customers to feel and touch the products unless they are supposed to buy that product. However, IKEA China allows its customer to feel and touch the product although they are not supposed to purchase that product. Most of the Chinese consumers use IKEA as a social venue, where they can lie down on the bed or relax on the sofa and read their books. With the hope that those people could become future probable customer, IKEA China also hasn't taken any actions (Johannson & Thelander 2009).

IKEA stores in China are also known as furniture filled Theme park, where customer can spend hours by lying down on all the sofas, chairs and beds. Most of the people come in the IKEA stores and stay for the whole day. This type of strategies is not possible for IKEA's competitors in China due to their limited floor space. Also, in many Chinese furniture stores, it is common that sales assistants earns their part of income on commissions, so it is difficult for them to adopt the IKEA's wait and see attitude towards future sale. This strategy of IKEA made their store busy from their opening time until their closing time (BBC 2015).

5. Problems with the long working hour

'IWAY-The IKEA Way' is the set of sustainable strategies adopted by IKEA, which defines about the increased labour rights, favorable working conditions, employee safety and environmental protection. This strategy explains that no employee should be allowed to work more than 49 hours in a week, including overtime (9 hr), so as to maintain work life balance.

However, in China, long working hour is common. IKEA employee normally works more than 60 hour per week including overtime. IKEA has been unable to comply with its IWAY code of conduct in China (IKEA 2015c).

6. Problem to cope with the sustainability policies

Since 1999, IKEA has been continuously working to become more eco friendly in order to make their business sustainable in the long run. To mark their first step toward sustainability, IKEA started to ask for the green and renewable products from the suppliers. They also started to use the renewable energy in their each and every store.

Furthermore, IKEA started to charge for the plastic bags. This strategy was very difficult to implement in the Chinese market. So much price sensitive Chinese customers were upset when IKEA started to ask price for the plastic bags. Chinese people do not have a habit of taking their own shopping bags from home. Furthermore, majority of local suppliers in China were unable to provide green products to the IKEA due to unavailability of advanced technologies. In order to meet IKEA's green and renewable products need they needed to install more advance technologies, which will have a negative impact toward the price of the product. When the price of the product increases, IKEA will no longer be known for low price. This strategy would have given benefits to the competitors. Instead of this IKEA decided to stick with the low price so as to remain competitive in the Chinese market (Chu et al. 2013).

4.5.4 IKEA in France

IKEA started its first operation in France in the year 1993. It has altogether 30 stores in France. It has been top furniture retailer in France since few years and has a market share of 17.9 %. In France, IKEA has a market worth around 10 billion Euros. All over France, it has employed 9,700 people (IKEA 2015).

France is also one of the top selling countries for the IKEA, generating 10 % of total sales volume. By the end of fiscal year 2020, IKEA is targeting to get a market share of 20% (Reuters 2014). Beside general strategies IKEA France implements following strategies:

1. Engages customer

According to survey conducted by IKEA, 85% of IKEA's customers want to reduce the energy and water wastages (IKEA 2015). With the help of interactive programs, IKEA is trying to aware its customers that IKEA has a solution to reduce waste, energy and water in their houses.

In April 2014, all the IKEA stores of France conducted an interactive program called 'Zero Waste Cook – Off'. The main objective behind this program was to show how IKEA's products can be used to create tasty and sustainable food by reducing waste and saving energy, water and money (IKEA 2015).

This program was followed on social media and was estimated that almost 13 million visitors got the message about sustainable food and IKEA's campaign through blogs and social media posts. For this kind of innovative promotion of sustainable cooking, IKEA France was later awarded with the Sustainability Leadership Prize at the TOP/COM Consumer Awards 2014 (IKEA 2015).

2. Focuses more toward sustainability

IKEA France focuses more toward sustainability as a major promotional strategy. IKEA presents itself as a mentor where it teaches people to live in more sustainable ways. To expand this campaign, all the French stores of IKEA started to provide charging points for the electric vehicles. IKEA France also conducted several events in France where customers got chance to learn about the alternative transportation means and take a taste drive in an electric car (IKEA 2015).

In the fiscal year 2015, IKEA is planning to offer electric transportation vehicle for rent to its customers so that people can book zero emission home delivery vehicle after they purchases in the IKEA's French stores (IKEA 2015).

3. Services for Lifetime

IKEA France allows its customers to return unwanted IKEA's furniture to one of the IKEA's store in order to resale or donate to the charity. This way IKEA has been proving a second life to its furniture. Following options in regard to the old furniture are provided by IKEA:

- Customer gets the voucher and IKEA resell the product.

-Empirical Findings-

- Customer can make donation to the social enterprises.
- Customer can learn on how to renew and update their furniture to meet the current need.
- Customer can fix the furniture in case of damages with the help of spare parts available at IKEA's stores (IKEA 2015).

With the help of this kind of service, IKEA is trying to show that they are more committed toward sustainable environment.

4. Strategies to become more reachable

IKEA's chief executive of France, Stefan Vanoverbeke confirmed that IKEA has been planning to open its new outlet in the central Paris. Opening IKEA in the central pedestrian shopping zone has been one of the strategies IKEA has taken since few years. IKEA has also opened similar outlet in the German city of Hamburg (Reuters 2014).

With the increment in fuel price all over the world, in near future this strategy of IKEA would make it more competitive as more people can reach to its store by using public vehicles.

5. France spying scandal

In the year 2012, IKEA France managers were involved in illegal activities where they paid to access the secret police files in order to gain information about their employees, suspected clients and even of the people who came near to their property.

IKEA head office in Sweden released a statement saying that they have fired their risk management director and three former managers at its French division, who were involved in that activity. IKEA Sweden considered that the illegal activities performed by French division managers were against IKEA's value and ethical standards (TheLocal 2012).

5. Analysis

This chapter, analyses the marketing strategies of IKEA, which were presented in the previous chapter 'Empirical Findings'. Theories on marketing strategies which were constructed in relation to the research question are used while analyzing the IKEA's marketing strategies. The detail analysis of both the standardized marketing strategies as well as the practiced marketing strategies of IKEA in the case countries are presented in this chapter.

5.1 Standardized Marketing Strategies of IKEA

The standardized marketing strategies that IKEA has set in order to approach to the global market have been analyzed in this section with the help of relevant theories of marketing. The standardized marketing strategies of IKEA are as follows:

5.1.1 Low-Cost Strategies

With a vision of offering a wide range of well-designed products to as many people as possible, at an affordable price, IKEA has established itself as a low cost furniture retailer in an international market. IKEA has been able to compete with the low cost in an international market due to its large production volume.

Before designing a product, IKEA controls whether the product is affordable to the majority of customers and whether it can satisfy the customer needs. In order to achieve this objective IKEA has adopted a strategy called 'democratic design'. Under this strategy IKEA's product designers works with the production teams on the factory floor (Edvardsson et al. 2006) Shaw & Ivens (2002) explains that organization should be able to differentiate their market offering so as to gain the competitive advantage. With this strategy of democratic design IKEA has been able not only to reduce the price of the product but also able to produce good functional products.

The functional product in a lower price is the strategy that IKEA has been adopting. Shaw & Ivens (2002) also explains that this type of unique offering in the market helps organization to retain its old consumers and attract new consumers.

5.1.2 Branding Strategies

IKEA uses its brand as one of the marketing tool. Kotler & Keller (2005) has referred brand as a means of communication. IKEA also communicates how well it satisfies the customer need with the help of its brand image. When customers come to one of the IKEA outlet they often experience that their expectation are meet by IKEA's products. While designing products IKEA focuses mainly in three factors:

- Customer quality perception
- Costs of poor quality
- Secure compliance (IKEA 2015b)

With the help of products that has both social values (that can reach out to many people) as well as economic values (products with the low price having good functional quality) as explained by Edvardsson et al. (2006), IKEA has been able to create high brand image value. This strategy has helped IKEA to gain competitive advantage over its competitors.

5.1.3 Green product Strategies

Allen & Malin (2008) explains that, nowadays, majority of global population and entrepreneurs are more focused toward minimizing environmental impact through their activities. Therefore, the present society has a growing trend to produce and consume economic friendly products. Nidumolu et al. (2009) also explains that this has become an important part of peoples' life and they always try to minimize their impact toward environment even in the period of recession. By understanding these changes in the peoples' needs and to show its commitment toward environment protection, IKEA has done numerous activities toward minimizing environmental effects.

At present, IKEA uses 41% of wood from sustainable sources (FSC certified wood or recycled) while making furniture. Likewise, IKEA uses $\frac{3}{4}$ of cotton from more sustainable sources. For this alone, IKEA has made investment EUR 1.34 million in order to improve its suppliers' production technique so that they can use less water and chemical while producing cotton. Furthermore, IKEA have installed more than 700,000 solar panels in their outlets so that they can use renewable energy as much as possible (IKEA 2015c).

Brezet & Van Hemel (1997) also illustrates that eco-friendly concept in the product development area helps to gain competitive advantage in the global market. This statement has also been proved by IKEA, as they experienced 58% increment in sales of eco-friendly products in the fiscal year 2014 as compared to fiscal year 2013. (IKEA 2015c).

5.1.4 Corporate Social Responsibility (CSR) and Sustainability

Sustainability has been always the primary objective of IKEA. IKEA has initiated IWAY – the IKEA way concept while purchasing products, materials and services. The IWAY guidelines defines the minimum requirements that IKEA supplier need to follow in supplement to the production. These guidelines of IKEA are based on the United Nations and International Labour organization’s legal requirement. (IKEA 2015c).

Wagner (2010) explains that innovative strategies of the organization not only reduces the environmental impact but also develops the core-competence among the competitors. Due to this strategy IKEA’s suppliers are bound to meet the requirements like labour right, working conditions, labour safety, environmental protection etc. As described by Rodgers (2010) this changes that IKEA has adopted is largely influence by its vision i.e. *‘to create a better everyday life for the many people’* (IKEA 2015). With these changes in the supplier side, IKEA has able to create a better life for its workers i.e. 600,000 people in more than 50 countries (IKEA 2015c). This dedication of IKEA describes that IKEA is driven not only by social values (good working condition) and economic values (beneficial for many people) but also it has high regards toward adding value to the environment by taking the responsibility as described by Edvardsson et al. (2006).

5.1.5 Value co-creation and total customer value

Kotler & Lee (2005) explains that, ‘Corporate Social Responsibility’ is one of the effective approaches that an organization uses to create stakeholder value. Edvardsson et al. (2006) also suggest that organization often try to avoid the negative value, which is why, they think that many international organizations moved from the South Asia due to the problem of child labour issues. In response to this issue, IKEA came up with an innovative idea like IWAY-The IKEA way, which is more dedicated toward preventing child labour. In the fiscal year 2014 only, IKEA

donated EUR 104 million to fund the projects, related toward supporting the children. To achieve this objective IKEA works closely with Save the Children foundation and UNICEF (IKEA 2015c).

Customers' value-in-use perception has a direct impact toward the organizational success. Therefore Vargo & Lusch (2004) highlights the importance of value co-creation with the customers. IKEA communicates with its customers with the help of advertisements, loyalty club and through the interaction that can take place in their outlets. These communications has been helpful to solve the problems of customers. Edvardsson et al. (2005) also explain that, co-created values that solves the real life problem of customers, helps organization to gain loyal customers.

5.1.6 Sustainable promotional strategies

IKEA's catalogue has been one of the major inspirational sources to the customers. It provides detail information regarding the products that IKEA offers.

To print its catalogue, IKEA has been using 100% 'Forest Stewardship Council' certified papers, which ensures that the wood that are used to produced paper are from sustainable sources. Moreover, IKEA catalogue supplier meets the IWAY requirements. In this regard, IKEA has been ensuring that the catalogue i.e. both paper and digital version are more sustainable as possible. Moreover, in 2014, 44% of energy that IKEA used while producing catalogue came from renewable sources (IKEA 2015c).

Alhola (2008) has explained that in every stage of a furniture life cycle, the environmental compatibility features of furniture need to be addressed. The promotional strategy of IKEA also shows that it has addressed the environmental compatibility feature in the marketing area as well. Likewise, IKEA has been able to gain more customers' attention, from its sustainable strategies. In response to this strategy of IKEA, Nidumolu et al. (2009) also discussed that modern society has high awareness and consciousness toward environment friendly products, therefore success of an organization is affected by its devotion for the environmental protection.

5.1.7 Relationship Strategies

IKEA has been focusing more toward the relationship strategy. IKEA's Loyalty Program, which is also called as 'IKEA FAMILY' has been introduced by IKEA in response to the relationship strategy. According to Arslanagic-Kalajdzic & Zabkar (2015), this strategy is more helpful to communicate with the customers regarding value propositions. Grönroos (1996) also explains that relationship marketing strategy helps organization to differentiate their value creating activities than that of competitors. IKEA's loyalty program helps customers improve their situation by solving the problems that customers encounter.

Though 'IKEA FAMILY' card, customers can get tangible benefits i.e. free gifts, discount coupons etc. as described by Berry (1995). Furthermore, Berry (1995) also identifies the importance of relationship marketing strategy in the process of solving the customers' problem mainly focused on service delivery system. According to Huang (2015) this type of relationship strategy that IKEA has implemented helps to create strong bond between the customers and the organization.

5.2 Marketing Strategies of IKEA in the case countries

In this section, I have analyzed the various marketing strategies that IKEA has adopted in four case countries i.e. Norway, Sweden, France and China. This section is more dedicated toward identifying whether the marketing strategies adopted by IKEA in case countries is similar to the standardized strategies or it deviates in response to the countries' culture and values. To analyze the marketing strategies in the case countries', I have used four values model of marketing mix proposed by Londhe (2014).

5.2.1 Valued Customer

According to Londhe (2014) primary task of an organization is to identify the target customer. Londhe (2014) explains that 'valued customer' mainly answer the question like 'whom to serve'. IKEA's Vision is to target 'as many people' as possible.

a) Sweden

Burt et al. (2011) explains that in recent years, IKEA in Sweden has been mainly targeting women between the age 20-49 mainly who have children and aged people who are in 55+ age group. Furthermore, Burt et al. (2011) explains that these categories of people have good economic condition in Sweden that is why IKEA has implemented various strategies to attract these customers.

b) Norway

Likewise in Sweden, IKEA Norway's targeted customers are the women having the age 25-45. Norway and Sweden have almost similar economy level along with the culture and values, therefore IKEA have similar target customer group. Since few years, IKEA has been developing itself as a family oriented business because of which IKEA has been considering high priority to the families.

c) France

IKEA in France has also been targeting younger people. Couples with children as well as aged people whose children are grown up and moved from their home, have been a target group for IKEA. Focusing these target customer group, IKEA France conducts various campaigns with a purpose of informing and motivating them to use IKEA's products.

d) China

The main target group of IKEA in China is female of around 30 years old. Female plays an important role in the process of decision making in the Chinese society. Also, the middle class populations of china are well educated, have higher income and are well aware of western brands. By understanding this fact, promotional activities of IKEA China are more focused to motivate younger generations. Along with this IKEA China is also trying to attract couples having children.

Doole & Lowe (2008) suggest that international organization should understand the multidimensionality and complexity of an international market. Likewise, my findings from these above mentioned countries also show that, younger generation has more purchasing habit.

This is the main reason that IKEA is targeting younger age group in above considered case countries, as suggested by Doole & Lowe (2008).

5.2.2 Value to Customer

Londhe (2014) describes that, this component of marketing mix mainly deals with value propositions. This component tries to configure ‘what is being offered to the customer?’ (ibid)

a) Sweden

‘IKEA Kungens Kurva’ is one of the largest IKEA’s stores in the world, which lies in Stockholm, Sweden. From its 20 outlets in Sweden, IKEA has been offering its wide product range i.e. 9,500. Price of the product has been kept low in the IKEA outlets as IKEA promises to offer low priced products in high quality. According to Burt et al. (2011), with a strategy of reducing a price, IKEA has reduced almost 20% of its product price since past 8 years.

In Sweden, most of the stores of IKEA lies outside the main cities but has an availability of public transport. In addition to this, IKEA provides pick-up and delivery services with a nominal fee. Flat packaging system of IKEA has been very helpful in the process of transportation as it doesn’t take large space in the vehicle and is appreciated by the public. IKEA also provides car trailers for free to its customers from its 14 outlets of Sweden. Furthermore, IKEA offers free Wi-Fi in its Swedish outlets.

IKEA Family member benefits in Sweden:

- i. All the members get the inspirational magazine that helps customer to find out different possible ways to organize their houses.
- ii. In the personal email, a member can get offers and discounts from the IKEA’s local store.
- iii. All the member can get free Coffee from Monday to Friday.
- iv. IKEA Sweden offers inspiring interior design seminar for its members. This seminar is helpful to find out on how renovation can be done in home in a cheaper way.

-Analysis-

- v. Although the primary objective of IKEA is to sell furniture related products but for its member, IKEA offers other type of products in low price i.e. luggage and backpacks, books and games, products for games and recreation and products related to child and home security etc. (IKEA 2015r)

IKEA Sweden has also partnership with several other companies. The Family members can get benefits from those partners as well:

1. IKEA members can get priority while buying accommodation from BoKlok. After the purchase of apartment, member can get an additional voucher of SEK 3,000, a fire extinguisher, smoke alarm and fire blanket from IKEA.
2. To decorate the balcony IKEA customer can get help from 'Ikano Bostad'.
3. While opening a bank account with the Ikano Bank, a customer can get 300 gift voucher of IKEA.
4. IKEA Family members can get discount while travelling with the planes of 'Malmö Aviation'. (IKEA 2015r)

b) Norway

IKEA has 7 outlets in Norway, out of which IKEA Furuset is one of the biggest warehouse in Norway. Likewise in Sweden, IKEA's outlets in Norway also lie in the outskirts of cities with the availability of public transports. IKEA Norway offers similar products having similar features as in Sweden.

IKEA Norway provides following services for its 'IKEA Family' members:

- i. Member can get special discounted price in the selected items.
- ii. Digital magazine is provided to the members. This magazine is helpful to get inspiration for home decoration.
- iii. A Cup of coffee is available free of charge for the members in the IKEA restaurant from Monday to Saturday.
- iv. IKEA Family contributes NOK 30 cents directly to UNICEF while using membership card at the time of purchase.

-Analysis-

- v. IKEA's newsletter regarding the IKEA related news and the latest offer is sent to the members email address. (IKEA 2015s)

c) France

In France, IKEA has 30 outlets. IKEA's outlets are located in the outskirts of main cities, where the public transportation is available. IKEA France offers standard IKEA products to its customers.

IKEA in France is planning to open its new outlet in the center of Paris. This strategy has been taken considering the fact that, it will be a lot easier to many people to reach out to IKEA.

IKEA Family members get following benefits in France:

- i. Special offers are provided in the selected items to the members.
- ii. IKEA Family members can try the product and return it if they are not satisfied even after 180 days of initial purchase.
- iii. Coffee is offered in the restaurant from Monday to Friday.
- iv. Newsletter is sent with the latest news and ideas of IKEA.
- v. Member can get the live magazine in their postbox which includes ideas regarding interior designing of home.
- vi. In France 'IKEA Family Card' is also available to download in the Smartphone, which can be used instead of plastic member card.
- vii. Members can get 15 % discount from the Hertz while renting vehicles. IKEA France has a partnership with other companies like 'Center Parcs', 'Belambra' etc. All the members get discount while using the services from the partnered organizations. (IKEA 2015t)

d) China

IKEA has been offering its product and services from its 18 stores in China. IKEA has made little adjustment in its products and services in China because of the different norms and values that Chinese society has as compared to European countries.

To create the value to its customers, IKEA has made adjustment to its standard sized beds. They reduced the bed size in order to meet the need of Chinese customers. Likewise, IKEA China added a new segment in its product line regarding the balconies. By understanding the fact that Chinese people love to have a balcony, IKEA adopted this strategy which also became one of the reasons for its competitive advantage.

IKEA also partnered with number of entrepreneurs who run the home transport services so that IKEA's customer can get help in the process of transportation and assembling the IKEA's products.

IKEA's Family member gets following benefits in China:

- i. Family offer is provided on the monthly basis.
- ii. Return and Exchange time is extended up to 180 days.
- iii. Free coffee is provided from Monday to Friday except holidays.
- iv. IKEA's inspirational magazine, 'IKEA LIVE' is provided free.
- v. IKEA members can participate in the home furnishing seminars organized by IKEA.
- vi. There is a reward system for the IKEA Family members on yearly basis. (IKEA 2015u)

Hadjikhani et al. (2008) describes the importance of network relationship in the process of internationalization. They further explain that a single organization is limited in many ways in terms of accumulating all the unique resources available in different parts of the world. This is why; IKEA has been in partnership with many service providers in above considered case countries so as to create effective purchase experience to its customers.

Furthermore, Helvacioğlu & Özutku (2010) suggest that, international organization need to address the cultural differences in an international market. However, in the case of IKEA, it has been providing almost similar services with the help of 'IKEA Family' membership. Above findings reflects that, IKEA has been able to standardize the benefits that its customer can receive by being the member of 'IKEA Family' program.

5.2.3 Value to Society

Effective marketing activities need to educate customers and these activities need to concentrate on social benefits (Londhe 2014)

a) Sweden

The major promotional tool of IKEA in Sweden is the free catalogue that every household receives in their mailboxes. The IKEA catalogue can be found on its outlet as well. The IKEA catalogue uses 100% recyclable paper.

In Sweden, IKEA helps to sell its customers' old IKEA furniture. This campaign in Sweden is supported by the website called 'Blocket.se'. Blocket.se is a common platform to sell the second hand items. IKEA's customer can advertise on Blocket.se for free to sell their old furniture (IKEA 2015r)

IKEA in Sweden is trying to motivate people in order to buy the sustainable products i.e. products from the sustainable sources. IKEA offers green furniture, which are made from the woods that come from the sustainable sources.

IKEA Sweden organizes regular activities for the children in Sweden. It has high priority for the families with children. IKEA Sweden has allotted special parking place for the parents having children, so that it will be easy for them to come out and get in to their vehicle.

b) Norway

Likewise in Sweden, in Norway also major promotional tool of IKEA is free catalogue that is distributed in the mailboxes. These catalogues are made of 100% recyclable paper.

High priority has been provided to the families with the children. Activities like, providing special parking for the families having children as well as offering child menu in the restaurants shows that IKEA has high regards to the child families.

IKEA Furuset has recently started to provide charging stations for the electric vehicles. IKEA believes that this movement would somehow motivate for the people to use electric vehicles.

c) France

In France, IKEA has been allowing its customer to return unwanted IKEA's furniture to one of its store with a purpose of reselling or donating. This activity of IKEA shows that they are committed to provide the services for the lifetime of the product. In France, customer even get chance to fix their furniture with the help of spare parts available in the IKEA's stores.

Sustainability has been major focus when IKEA makes promotional activities in France. Various campaigns are conducted in France so as to educate customers to the sustainable way of living. In the year 2014, IKEA France was awarded with the Sustainability Leadership Prize at the TOP/COM Consumer Awards 2014 for its campaign called "Zero Waste Cook – Off". This campaign was organized by IKEA to educate and show people on IKEA's products can be used to create tasty and sustainable food by reducing waste and saving energy, water and money.

Furthermore, in response to the environmental pollution, IKEA France has been planning to offer electronic transportation vehicle to its customer in the year 2015.

d) China

In China, IKEA has been producing its products locally by using local materials. Due to this strategy of IKEA, many Chinese people got a working opportunity. In this way, IKEA is creating value to the Chinese society.

According to BBC (2015), IKEA in China is better known as furniture filled theme park. Many other furniture stores in China do not allow customers to touch and experience their selling products. However, the case of IKEA is quiet different, where customer can experience all the products offered by IKEA, even though they are not supposed to buy it.

With the help of sustainability campaigns, IKEA China is also helping to educate and motivate people to be responsible toward the environment.

As suggested by Helvacioğlu & Özutku (2010), IKEA has focused itself; to address the cultural differences i.e. language, religion, education, values and attitudes in above case countries. Particularly, in the case of China, IKEA has given more priorities to educate people with the help of its different marketing activities.

According to Allen & Malin (2008), nowadays, majority of global population and entrepreneurs are more concerned toward addressing the environmental as well as ecological issues. In all the above considered case countries, IKEA has been constantly organizing promotional campaigns to educate people about its sustainable products. In addition, with the help of its educative marketing campaigns, IKEA has been motivating people to live in a sustainable way.

5.2.4 Value to Marketers

This component tries to configure the objective that a marketer carries out behind the process of marketing (Londhe 2014).

a) Sweden

Sweden is one of the top selling countries for IKEA. The sales volume of Sweden is 5% of total sales (IKEA 2015o).

b) Norway

Although, IKEA was involved in the meatball scandal in the year 2013, this has not impacted IKEA's business as much. In the IKEA's Czech Republic restaurant Veterinary administration authorities had found horse meat while checking frozen meatball packet with beef and pork label. In response to this, IKEA withdrew all the stocks of meatball from all the stores of European countries. This activity of IKEA showed that they are not compromising the customer health at any cost. Due to its effective strategy, IKEA's brand image is not affected by this scandal.

c) France

The managers of IKEA France were involved in illegal activities where they paid bribe in order to gain information regarding their employees, suspected clients and even of the people who came near to their premises. This was an illegal activity conducted by the IKEA France manager, which were against the value and ethical standards of IKEA. In response to this, IKEA head office fired those managers who were involved in this scandal. While IKEA faces problems it has solved that problem in a democratic way. This kind of IKEA's activities has helped IKEA to increase its brand image value.

France has been one of the top selling countries for IKEA. IKEA France has a sales volume of 8% of total sales. This has made IKEA France top third selling countries out of 27 countries where IKEA's stores are in place (IKEA 2015o).

d) China

IKEA China has faced various problems in its operation. Long working hour of employees, and problem to implement the sustainable strategy are few of them. Despite these problems, China has been one of the fastest growing markets for IKEA in the fiscal year 2014.

Concepts like eco-design, as suggested by Brezet & Van Hemel (1997) have been adopted by IKEA with the objective of gaining competitive advantage. Nidumolu et al. (2009) explains that modern day society has a growing trend toward the consumption of environmental friendly products even during the period of economic recession. By adopting green product strategy as suggested by Brezet & Van Hemel (1997), IKEA has been able to gain competitive advantages even in the globally competitive and vulnerable markets.

Furthermore, IKEA has been able to co-create value along with its customers. Kotler & Lee (2005) explains that 'Corporate social responsibility' is one of the approaches that organization can implement in order to communicate with its stakeholders to create the stakeholders value. In relation to this approach, IKEA works closely with the UNICEF and Save the Children. Supporting human rights, by working with the UNICEF and Save the Children helped IKEA to create its service brand image.

5.3 SWOT Analysis: Strength and Opportunities

In this section, I have done SWOT analysis of IKEA. From this analysis I aim to find out the effectiveness of marketing strategies implemented by IKEA.

5.3.1 Strengths

IKEA, one of the largest furniture retailers has adopted Swedish design in its products. Furthermore, it is offering its qualitative product in a lower price. Wagner (2005) explains that innovation is the key for an organization in an international market to gain competitive advantage. Innovating ideas like flat packaging has helped IKEA not only to reduce its warehouse cost but also increase sales volume because of the flexibility to transport.

In general IKEA's product quality and durability is high. Schilling & Hill (1998) suggest that in the global competitive market, need of new product development is essential so as to enhance performance and meet the customers' expectations. In relation to the Schilling & Hill (1998) suggestion, IKEA has adopted wide varieties of design solutions in order to fulfill the need of every household. Because of its on-site self service inventory, IKEA has been able to increase customer experience and satisfaction.

The positive factors of IKEA are:

- Strong global brand
- Keen focus on sustainability
- Understanding the customer needs
- Diversified well designed functional products
- Prioritized innovation in order to minimize cost of the products

5.3.2 Weaknesses

Limited stores and inconvenient locations are causing problem to the IKEA's customers. If someone wants to return the product it is very time consuming because of the inconvenient location of the store.

Standardized products normally attract fewer customer segments. When there is growth in the average consumers' income, then IKEA might lose the market share, with this policy.

IKEA's competitive advantage derives from low cost and higher quality. As they constantly more focused on continuous cost reduction strategies, it can have negative impact to the quality thus reducing customer loyalty and market share.

5.3.3 Opportunities

Expansion of IKEA's stores in developing countries like India, Brazil impacts not only in the growth of revenue but also helps for the sustainability of the organization and future growth.

Growth of E-commerce business helps to get the attention of large number of customer from all around the world; therefore IKEA could exploit this opportunity with continuous innovation beyond current product offering. In the year 2014, 1.5 billion visits has been recorded in the IKEAs website i.e. IKEA.com, which is 13 % increment than the year 2013.

Tidd et al. (2001) explains that Information Technology helps organization to improve the overall performance. IKEA's approach toward sustainability and its advanced online stores has helped IKEA to increase its global sales turnover. Demand for the more renewable products is increasing as people are becoming more aware to their impact to the environment. IKEA can provide more sustainable solutions for the environment.

5.3.4 Threats

Competitive market forces like Wal-Mart, Tesco offer similar products with the similar features. They have properly managed supply chain and huge market presence in international market which can cause decreased market share to IKEA.

With the growth of the consumers' average income, the need of IKEA product might reduce. Also, availability of similar assembled products in other retail stores can reduce IKEA's market share.

5.4 Theoretical Contradictions

According to Akgün et al. (2014), the most standardized elements of a marketing mix are the promotion elements. They further mentioned that, in a product mix, organization adapt product concept, color and packaging according to the local country, whereas, the label and the brand name of the products are standardized. However, from the above analysis of IKEA in the considered four case countries, I found that, IKEA offers standardized products in the same packaging format i.e. FLAT packaging irrespective of the country. This strategy of FLAT packaging has been very helpful for IKEA, to minimize the cost related to warehouse and transportation.

Akgün et al. (2014) further describes that the most adopted element of marketing mix are price and place elements. From this study, I found that IKEA has standardized its price and place elements as well. However, there is exception in the case of China. IKEA is able to minimize the product price in China drastically by manufacturing products locally.

Furthermore, Helm & Gritsch (2014) explain that the adaptation of product and distribution strategy in an international market is not significant. According to them, only adaptation of promotion tool and price is necessary as it is influenced by the local culture of the country. However, this study reflects that the local adaptation of distribution strategy in an international market is very significant. In the case of China, IKEA has partnered with many transportation organizations which helps Chinese customers to transport and install their purchased products. Likewise, in France, customer can hire vehicle from Hertz at a discount rate as IKEA has a partnership with Hertz. In these countries i.e. France and China, IKEA has replicated its standardized service concepts.

Moreover, Michell et al. (1998) also stresses that organization need to localize their promotional activities. However, the major promotional tool of IKEA is distribution of its free catalogue. Instead of localizing its promotional activities, IKEA printed its catalogue in different languages. In addition, Bharadwaj et al. (2009) stresses the importance of both, standardization as well as adaptation strategies in order to be successful in an international market. However, from this study, I found that IKEA's business is continuously growing and has a growing sales volume, although it competes in an international market only with its standardized strategies.

6. Discussion and Conclusion

This chapter presents the author's concluding remarks on the researched topic. All the research questions i.e. main as well as sub research questions, are addressed properly in this chapter. Likewise, the major findings of the study, which the author came up with, after analyzing the IKEA's marketing strategies, are discussed in this chapter. In addition, suggestions for the future research are presented at the end of the chapter.

This thesis work is intended to find out whether standardized marketing is a solution to the global competition. To achieve this objective, the case of IKEA has been considered in this thesis. IKEA's marketing practices in the four countries i.e. Norway, Sweden, France and China are presented and analyzed with the help of relevant marketing theories. From the analysis I have found out, what elements of marketing mix are standardized or adapted by IKEA and how it helps to gain competitive advantage over the competitors. Following are the concluding remarks that, this thesis work presents:

6.1 IKEA's Marketing Strategies in the case countries

IKEA has been established with the vision of offering a wide range of well-designed products to as many people as possible at an affordable price. To achieve this objective, IKEA has been continuously working in improving its product range and till date it has been successful to reduce the price of its product as compared to its competitors. IKEA always uses its low cost strategies whenever it reaches out to the customers.

IKEA uses its store as a part of its marketing strategy. Similar looked stores with standardized design are strong features of IKEA. The maze like structure of IKEA's stores forces consumers to look over all the products that it offers i.e. more than 9,500 products. IKEA has divided each of its stores to different segments. In general, IKEA's stores in sampled four countries have similar segments with similar products. In each and every IKEA's stores customers can interact with the IKEA's employees at the Help desk. In each segment of the stores, IKEA's personnel are available in case if some customer wishes to get advice and help regarding the offered

-Discussion and Conclusion-

products. The customer friendly environment that IKEA provides has motivated customers to be loyal toward IKEA.

IKEA uses its catalogue as a major promotional tool. IKEA spends almost 70 percent of its marketing budget for the designing and production of its catalogue. This catalogue is available both in paper and digital format. In the countries, Sweden, Norway and France, IKEA distributes its catalogue in the postboxes. However, in China the concept of distributing catalogue to the postboxes did not work as IKEA planned, because many competitors find it easy to copy the product with the help of easily available catalogues. Moreover, the cost of distributing catalogue was high in China. Therefore, in China, IKEA catalogues can be received only in the IKEA's stores. Whatever the case is, the IKEA catalogues have been very helpful for customers to find out the exact type of furniture that they require in their home. The catalogue has also been effective in the process of motivating customers toward the IKEA's products.

IKEA also uses its website as a marketing tool. In the fiscal year 2014, more than 1.5 billion people visited IKEA's website, which is 15% number than that of 2013. All the products of IKEA's can be found in its website. IKEA has its own website pages for different countries. This helps consumer to buy the product in their own currency. In France, Sweden and Norway customer can buy IKEA's products online. However in China, online purchase facility is not provided by IKEA. Instead Chinese customer can save the product in their wish list and they can also get all the information regarding the product through IKEA's website. It has been helping Chinese customer in the decision making process.

IKEA has been using another media as well in the process of reaching out to the probable or existing customers. IKEA uses Facebook as one of major promotional tool. Facebook has been helpful to share the information regarding the campaigns, discounts and competitions that IKEA organizes. IKEA has Facebook account in all the four case countries. In China, IKEA also uses Chinese social media and micro blogging website 'Weibo' in order to advertise its products and as a source to deliver its message to its probable and existing customers.

Furthermore, IKEA organizes several events, sometime promotional and sometimes informative in all the case countries. In recent years, in all the four case countries, IKEA has been organizing events almost on a regular basis on sustainability. Through these events, IKEA has been teaching

people on how to live sustainable life with the help of IKEA's products. These kinds of environment friendly events have been in coverage of newspaper and televisions as well as many blogs and social Medias. This has helped IKEA to gain large publicity.

While analyzing these marketing strategies of IKEA, I found that almost all the marketing strategies that IKEA follow are standardized strategies. To reach out to the as many people as possible, IKEA has been successful till now with these standard marketing strategies. In contradict to the findings of Michell et al. (1998), which suggest that organization should localize the promotional activities, I found out that IKEA applies same standardized marketing strategies in the considered case countries.

6.2 Marketing Mix component of IKEA: Unique and Competitiveness

Marketing mix is a process, where the strength of organization is matched with the need and desires of the customers (Londhe 2014). According to Londhe (2014), it is a framework which clarifies how an organization should configure its products and services to meet the consumer need. The four values models of marketing mix proposed by Londhe (2014) are:

6.2.1 Valued Customer

IKEA has mainly target younger generation in the case countries. IKEA believes that younger generation has the high purchasing capacity as they have a tendency to work. Likewise, IKEA has been targeting families with the children.

All the IKEA's stores are children friendly. IKEA provides children playroom in each of its stores. Children can play under the supervision of IKEA's trained personnel while they parents are shopping. Furthermore, in IKEA Norway, children can watch movie in IKEA's cinema which is dedicated to the children. All the four case countries IKEA have a children's menu in their restaurant. Under this menu, the quantity as well as price of the food is half than that of regular. This innovative idea has allowed family members to dine together. In addition to this, IKEA Norway and Sweden provides free baby food and diapers to the children.

Moreover, IKEA has been offering family parking spaces for the families with prams and small children. These wider parking spaces has helped family members to easily lift child in and out of their car sits without disturbing the car parked in other parking spaces.

These activities of IKEA justify their standard strategy of serving the younger generation and the families having children.

6.2.2 Value to Customer

IKEA promotes itself as a low cost furniture retailer. To achieve this objective IKEA has been continuously innovating in its product lifecycle, with a purpose of reducing the price of a product. Wagner (2005) also suggests that, organization need to carry out innovative activities regularly, as it helps organization to organize its resources effectively and reduce the waste and energy.

In Sweden and Norway, IKEA has reduced almost 20 % of the product price since last decade. Moreover, to reduce the price of products in China, production facilities have been localized. Dereli (2005) describes that organization need to produce goods and services in operating countries as this helps to minimize the production cost as well as it increases the competitive advantage over competitors.

With a purpose of creating value to the customers, IKEA provides car trailers free of cost in the outlets of Sweden. Likewise, free Wi-Fi and the facilities like wireless charging of Smartphone is provided in Swedish, Norwegian and French outlets.

IKEA has been in touch with the customer with the help of loyalty club i.e. 'IKEA Family'. IKEA provides various offers to its member through this program in all the four case countries.

In China, IKEA has partnered with various entrepreneurs who run the transport companies so that its Chinese customers can get help in the transportation as well as in the process of installation of IKEA's products.

In all the four case countries IKEA adopts same standard approaches to value its customers. The major approach that IKEA has taken is relationship marketing in all the case countries where it

has been working closely with the customers and till now it has been able to effectively solve the customers' problem of home furnishing.

6.2.3 Value to Society

One of the major promotional tools of IKEA is IKEA catalogue in all the four case countries. IKEA has been using 100% recyclable materials in its catalogue.

Furthermore, in all the case countries, IKEA have marketed it's sustainably strategies. Through various promotional events, that it carries out in Norway, Sweden, France and China, IKEA is motivating its customers to purchase green furniture, which are made from the wood that comes from the sustainable sources.

Moreover, IKEA in Sweden, Norway and France has started to provide charging stations for the electric vehicle. They believe that, with the availability of charging station, people will choose to use electric vehicles.

IKEA France has been awarded with the Sustainability Leadership prize at the TOP/COM Consumer Awards 2014 for organizing a sustainability campaign 'Zero Waste Cook Off'. In this campaign IKEA France showed people the process of cooking food in a sustainable way by minimizing the waste and saving energy, water and money.

IKEA has been also closely working with the UNICEF and the Save the Children Foundation. In the fiscal year 2014 only it has donated EUR 104 million to these foundations.

In addition to this, IKEA Sweden, Norway and France help its customers to sell and repair old IKEA's furniture. This also shows that IKEA is more dedicated toward its standard strategy of sustainability.

6.2.4 Value to Marketers

With the help of above mentioned standard marketing strategies, IKEA has been able to achieve the continuous growth in its sales volume. In the fiscal year 2014, IKEA had a sales volume of EUR 28.7 billion, which is 3% more than that of fiscal year 2013.

More and more people are visiting IKEA's website i.e. 1.5 billion in 2014. The effective marketing strategies of IKEA have been working properly.

The standardized approach of IKEA of making sustainable world has given IKEA huge success in the international market.

6.3 Challenges in implementing the marketing strategies

IKEA has also faced a lot of negative marketing when it gets involved in scandals across the various countries.

In Sweden, Norway and France, IKEA has been recently involved in Meatball scandal. The authorities confirmed the horse DNA in a packet of IKEA meatballs. The packet had a label of beef and pork. However, to tackle this problem IKEA has made withdrawal of all the meatball packets from the European countries.

Likewise, in the year 2012, IKEA's France managers were involved in the 'French Spying scandal', where they paid police officers to get information about the customers. These activities of IKEA's managers were against the IKEA's values and ethical standards. This event helped IKEA to gain a lot of negative marketing. In response to this, IKEA fired all the managers who were responsible and are involved in this scandal.

Furthermore, IKEA is not able to imply its code of conduct 'IWAY-The IKEA Way' in China. IKEA has been facing problems in reducing long working hour of Chinese employees.

In addition to this, it has been difficult for IKEA to implement its most ambitious marketing strategy i.e. Sustainability in China. When IKEA started to charge for the plastic bags, in China, Chinese customers did not accept that proposal of paying extra for the plastic bags. Also in China, majority of suppliers were unable to provide the 'green products' to the IKEA because of unavailability of advanced technologies. The installation of new technologies means, there will be increment in the product price. As IKEA is competing with the strategy of low-price, IKEA is not taking any risk to increase its product price.

Although, IKEA has been facing problems in implementing its consumer oriented brand image in some of the case countries, but it has continuously finding effective solution of the problem with its innovative ideas and research programs that it carries out.

6.4 General Conclusion

From this research study, I found that IKEA has able to implement its standardized marketing strategies effectively in the four case countries i.e. Norway, Sweden, France and China.

However, the standardized marketing strategies that IKEA has adopted are the broad ideas. In response to this, IKEA issues a guideline on how these marketing strategies can be implemented effectively. IKEA conducts seminars on a frequent basis so that their managers can imply the standard strategy undertaken by IKEA's central office. The theme launched by IKEA in 2014 i.e. 'all moments count' is one of the example of this strategy.

This study also finds out that IKEA has been in a stage of continuous growth. The sales volume as well as the online website visitors' number has been increased comprehensively in recent years. The major standard marketing strategy 'A sustainable life with the IKEA's products' has been paying IKEA well.

The standardized marketing approach of making sustainable world has given IKEA a comprehensive competitive advantage in the international market and is the major success factor of IKEA in the four case countries i.e. Norway, Sweden, France and China.

6.5 Suggestion for Future Research

This thesis work has found out that, the standardized marketing strategy is a solution to gain competitive advantage in the globally competitive market. In order to achieve the targeted objective of this thesis work, I have considered the single case of IKEA in four different countries i.e. Norway, Sweden, France and China.

The conclusion of this thesis work is purely based on the analysis made on the single case company i.e. IKEA. However in future research, instead of a single case, multiple case study method, considering the case of various international organizations could be implemented. This study will be more relevant to generalize the findings.

-Discussion and Conclusion-

Furthermore, in future research quantitative method could be deployed in order to find out the exact financial performance of the similar organizations. This research could help to identify the deficiencies present in the standardized strategies.

In addition to this, my thesis work is based on present policies and practices of IKEA. It would also give clear idea if the future research could be conducted considering the case of different time period with the strategies adopted in that timeframe. This will provide clear understanding on the effect of standardized marketing strategies in the global competitive market.

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Appendix

1. Research Interview Guide

Respondent's Information:

Name Today's date.....

Department..... Designation

Email..... Telephone.....

1. Who are the IKEA's major target group?
2. Does IKEA use standardization or adaptation marketing strategies?
3. What are the different marketing strategies and policies adopted by IKEA?
4. Can we find the same products in your IKEA's outlet as in other countries?
5. What are the major local problems encountered by IKEA during the establishment?
6. Is IKEA facing a competition in your country? Who are the major competitors of IKEA?
What is your position as compared to the competitors?
7. According to you, what are the main differences between IKEA and your competitors?
8. According to you, what are your strengths, weaknesses, opportunities and threats?
9. What is the future plan of IKEA in your country? Do you have any consideration for new Products? New Strategies? Plans to open new stores?
10. What is the IKEA's pricing strategy in your country?
11. What were the previous advertising campaigns of IKEA in your country?
12. What types of food are offered in IKEA's restaurant?
13. Is there any special strategy that IKEA uses in your country?
14. Are there any special products localized by IKEA in your country?
15. Another question is about centralized or decentralized management. Does IKEA of your country has decision making power while formulating marketing strategies or everything is decided by IKEA Sweden?