

IKEA Marketing Plan – Part I



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Due Date:

February 17, 2011

MRK428MS

Internal Environment

IKEA current marketing goal and objective

The IKEA vision is to create a better life for many people who purchase their products.

Their main objectives are:

- IKEA produces cheap and affordable products for the customers
- The company wants better life for those who cannot afford expensive products
- IKEA always helps to produce right product for the right consumer
- IKEA always tries to sell their products at low prices
- The company's global developments and its continual commitment is to have a positive impact on people and the environment.

The Website of IKEA states the marketing objectives and goal of IKEA:

“Our vision is to create a better everyday life for the many people. Our business idea supports this vision by offering 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”(“ The Ikea Concept”).

How these goals and objectives are being achieved

One of IKEA's main goals is to provide products at low prices to customers. IKEA has good, stylish furniture for their customers. There are 316 large stores in 267 countries. IKEA works to maintain a well-known brand identity. IKEA marketing plan is very well design to sell the product. The main IMC goals include product design, catalogues, advertising, and public promotions.

Review of current marketing strategy and performance

Products: IKEA has everything to do with the home. The company has many products categories such as cooking, desk, eating, children's IKEA, bathroom storage, beds & mattresses, chairs, clothes storage, decoration & mirrors, flooring, IKEA FAMILY cabinets & appliances, lighting, small storage, sofas & armchairs, storage furniture, tables, textile & rugs, transport & assembly and TV solutions.

Pricing: IKEA positions itself with low prices. They are extremely price/cost conscious.

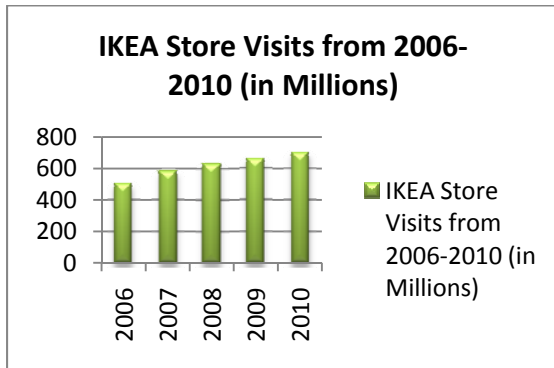
Distribution: IKEA has 28 large distribution centres and 11 customer distribution centres in 16 countries. IKEA has 1400 suppliers for distribution.

Promotion: IKEA has its own website where they now have their catalogues virtually. In the last year 198 million copies of the catalogue were printed in 56 editions and 27 languages. Moreover, IKEA uses newspaper ads and television commercials. The company uses billboards ads and bus stop ads. IKEA also faced controversy in their “Tidy up” advertisement campaign.

IKEA does not spend largely on promotions. IKEA believes on their online catalogues and print publications of the catalogs. The catalogue is the main tool for selling. IKEA try to cut the cost with least advertisement. But it is very important part.

Brand preference and product awareness:

People like to buy IKEA’s products because of their low prices and medium-quality. People have great awareness of the brand. Moreover, we can see people like to go IKEA store because of good facilities.

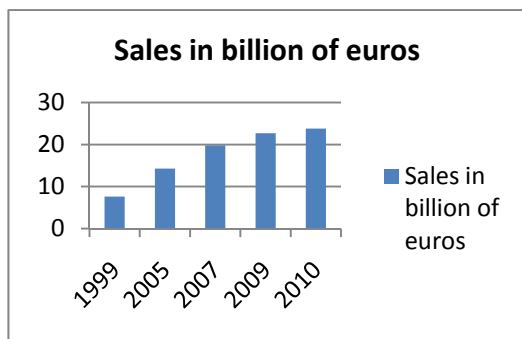


Review of current and anticipated organizational resources

When asked about IKEA’s perspective on resources, the company’s CEO, K, has said “waste is a mortal sin” (IKEA)! Taking in to consideration IKEA’s sustainability efforts, it appears that the rest of the world will run out of natural resources and IKEA will be able to still provide furniture to all!

Financial: In regards to financial resources, the IKEA Group stands strong for the 2010 fiscal year, unlike many others in their industry. They witnessed a sales increase of 7.7% to 23.1 billion euros and net profits increase of 6.1 % to 2.7 billion euros from the previous year.

“ Profits give us the resources to grow and reach more people on existing and new markets as well as lowering our prices. The main part of the profit was re-invested in existing as well as twelve new stores in order to become even more inspiring and accessible,” IKEA President and CEO Mikael Ohlsson had said (BusinessWire) .



Human: IKEA employs over 123,000 people worldwide; a decline of 5,000 personnel decline from 2008. In North America there are approximately 15,500 employees. IKEA is bouncing back from the recession and with that new job opportunities are posted everyday on their website. At present they are looking to hire 98 people for varying positions across North America. Human resource retention a strategy for the company to reduce costs and hiring within is encouraged.

Experience: IKEA was established almost 70 years ago, and the original founder still participates in some activities. Experience is also derived for the Board of Directors.

Relationship with Customers: IKEA truly takes care of their customers, and their customers are brand loyal. Some of the current strategies they have in place to satisfy customers are their services offered in store, like childcare, and also 90-day return policies, and customer service contact information. On the market research website SocialMention.com, IKEA has a 5:1 sentiment rating; this is the ratio of people on social medias that write about the brand in a positive way.

Relationship with Suppliers: IKEA has developed a name for building very strong, long-term relationships with its suppliers. It currently works with over 1,400 supplies across the globe. IKEA tends to bulk-buy to save on costs. A study of several companies by Strand in 2009 discovered that IKEA was one of the corporations that “have implemented responsible supply chains wherein they have treated suppliers as their partners, as one of the key stakeholders. They state that these firms share an honest and trusted relationship with their partners, leading to the development of cooperative advantage by way of having a long-term relationship with their respective suppliers” (Kumar). The positive nature of their bonds helps to build higher standards to suppliers and aids in innovation.

Top five purchasing countries

Country	%
China	20
Poland	18
Italy	8
Germany	6
Sweden	5

Review of current and anticipated cultural and structural issues

Overall Customer Orientation: Their Code of Conduct is called “The IKEA Way” which is the basis for all customer relationships. It states:

“IKEA offers 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. This is the idea at the heart of everything IKEA does, from product development and purchases to how we sell our products in IKEA stores globally” (IKEA).

Emphasis on Short-term and Long-term Planning: The IKEA structure was developed in order to last forever and long-term planning is the base of all the strategies they make. By develop a Foundation their capital is able to be reinvest into innovation and research tax-free.

Embracement of Change: IKEA is extremely comfortable in change. They are consider proactive in this respect.

Internal Politics and Power Struggles: Unfortunately, IKEA is not immune to scandal and internal conflict. The most recent issue occurred when a disgruntal ex-employee release a book telling all about his time as the secretary to owner Kamprad. The book is called “The Truth about IKEA” by Johan Stenebo and in it he details a racist owner who employs secret corporate spies and a company that is not as eco-friendly as they suggest. A few years back, a reporter discovered Kamprad’s previous involvement in the Nazi regime (Watson).

Changes in Key Executive Positions: The most crucial change in executive power came on September 1st, 2009 when Michael Ohlsson became the new CEO. He replaced Anders Dahlvig, who had that position for the previous ten years (IKEA).

General Employee Satisfaction and Morale: They host “Anti-bureaucracy Week” regularly which has executives working on the floor for the day (Ferrell 494). There are strong employee protection rules.

Customer Environment

Who are the firm’s current and potential customers?

IKEA’s current and potential customers are male and female consumers who are in their early teens to mid-70. Consumers who make their purchases at IKEA may be renovators or interior-designer, empty nesters, or just customers who want to decorate their home. Renovators or interior designers may make their purchases at this store because it provides stylish, functional, low-cost furnishings that customers can assemble themselves (Ferrell, and Hartline 492). As well, renovators and interior-designer are considered to be heavy users because they make most of their purchases at the store. Empty nesters are seniors who downsize their homes because their children have all grown up. Respectively, they are categorized as business-to-business customer and business-to-customer. These are the firm’s current and potential customers because the price range is suitable for low-high income consumers.

What do customers do with the firm’s products?

Since the firm sells a wide variety of products ranging from bedroom to kitchen usage, the customer can buy the products at one place instead of driving to different department stores or retailers (i.e. Home Outfitters, the Bay). Small business or restaurant owners may be buying the products at IKEA because they are more price-conscious. And because the company works with roughly 1400 suppliers in 54 countries, they always find the lowest cost way to manufacture their goods (Ferrell, and Hartline 493).

There are special consumption situations that influence purchase behaviour. For instance, if you are looking to furnish your home or room, IKEA has a “Home Furnishing Consultant” that can help to assist on what type of products you need (“IKEA”).

Where do customers purchase the firm's products?

Customers can purchase IKEA's products directly from the store itself, from the catalogue, or order online from their e-shop website where it sells more than 3000 products and also includes a step-by-step procedure. The firm's products are manufactured by more than 2000 suppliers in over 50 countries, and the IKEA group which includes IKEA of Sweden designs and develops all of its products – Swedwood makes all the IKEA furniture.

When do customers purchase the firm's products?

IKEA customers purchase the firm's products at many different times. During sales events, because of the low price, customers can receive twice as much furniture and this encourages them to purchase from this company. Many young couples may purchase the firm's products when they move out and on their own because of the low priced furniture. As well as students who are moving into college dorms and houses may also purchase IKEA furniture because of the affordable price. IKEA is an easy way to furnish a whole room, for an affordable price. When customers want a low price, they turn to IKEA because they know they are getting a good quality at an amazingly low price.

Why (and how) do customers select the firm's products?

IKEA customers purchase the furniture because they may enjoy the do-it-yourself approach they provide. Customers may also be attracted to the beautifully modern, stylish and functional furniture with an equally attractive price tag. This cost effective furniture also comes with a money back guarantee. IKEA provides a one-stop-shop for all the customer's needs. The giant warehouse is a self-serve store that is able to lead consumers through a maze of products, as well as offering the lowest price out of its competitors such as The Brick and Home Depot. IKEA also offers online shopping convenience for its customers. IKEA consumers develop brand loyalty because of the fact that IKEA products come with IKEA accessories, specially made for that specific product. Customers may select IKEA's products because of the huge catalogue displaying all items including prices. They make their furniture very pleasing to the eye, with the modern look. IKEA also doesn't hide the fact that it buys in bulk so its customers get the best price out there. IKEA uses flat packaging which is easy to carry, move, transport, ship and use. With all these reasons, this is why a consumer selects IKEA's products.

Customer Behaviour: “Have you ever played hide-and-seek at IKEA? I have, though not intentionally. The stores are set up in these funky little mazes that make it very easy to lose a husband or a child while shopping, so it's no wonder that people have taken to playing the game there on purpose. This week, the idea rose to new heights when a person in Australia set up a Facebook event announcing a “massive”

game at their local store. Since then, almost 4,000 people have signed up and the news has gone viral.” (Marketing Pilgrim). This shows that IKEA has viral marketing advertising, as well as the fact that IKEA’s consumers are influenced by their environment.

Customer behaviour – *culture* – While growing up, one might have acquired values, perceptions, preferences or behaviours about IKEA and are encouraged to shop at that store.

Customer behaviour – *social class* – This may have an influence on their purchasing behaviours/patterns.

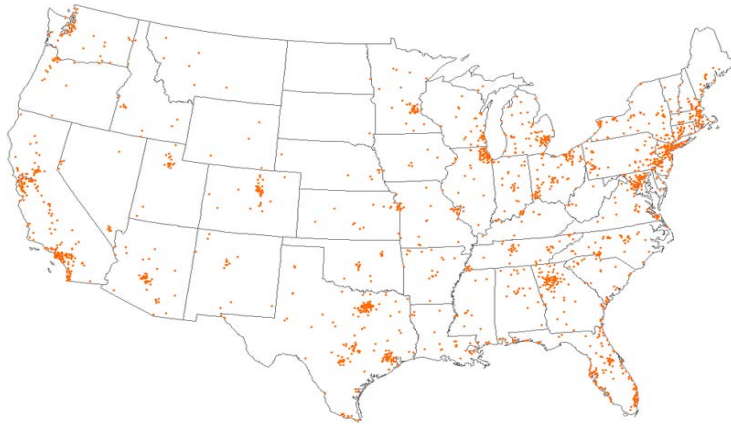
Why do potential customers not purchase the firm's products?

Potential customers may not purchase IKEA’s products because they don’t like the do-it-yourself approach. They may associate low quality with low price. Most consumers have a perception about IKEA that because it offers such an affordable price that their furniture may not be as good quality of that of the competition. Another reason might be because they have already developed brand loyalty with the competitors. In this situation, IKEA needs to use very persuasive advertising to persuade the consumers to come to their store. Many consumers may think that IKEA is a mainstream shopping experience and they would rather enjoy the competition. They may also have the idea that because it is a warehouse type store that the staff and employees may be unhelpful.

How to attract potential customers: Advertising more aimed at showing potential customers that they can get the same product they get at the competition but with more modern style and a lower price. Showing potential consumers that IKEA offers other services, such as restaurants and child care while you shop may persuade the customer to choose this store. Advertising on TV, flyers and radio, including many great facts about IKEA such as the all-in-one store, including baby furniture, bedroom, kitchen, bathroom, lighting, gardening, candles and framed pictures. They may also want to include advertising that promotes their environmentally friendly approach to selling – including reused and recycled boxes and wood.

External Environment

Competition



The Home Depot: The Home Depot is the largest home improvement retailer in the United States. Their stores operate out of large warehouse style buildings and they have over 2,242 locations across U.S. Most of the store size are 105,000 ft² on average unless they are a superstore then they are constructed larger.

Many of the home Depot location are located towards the east coast of the U.S

Categories of products/ brands

The products that will be in direct competition with IKEA'S sales are split into distinct different groups by home depot they are: Bedroom, dining room, furniture parts, home office, kid's room, and living room and kitchen supplies.

The different products that are supplied are provided to Home Depot by a variety of different brand names. (The chart below shows the price range, quality and type of products that are supplied to Home Depot)

Target Market: Home Depot two main market segments are:

Do it yourself home improvement customer: These are people that are home owners that range in income from Mid-High. They take on the task of installing and building their projects themselves, which home Depot has also put together classes in stores to expand this market.

Professional business customer: Home Depot targets professional contractors and repairmen through delivery services and extended credit programs. This category is the largest, with almost double the sales of the DIY customers.

These markets allow Home Depot to have a \$100 billion opportunity and to see lots of income because of it. Home Depot has formulated marketing programs to draw these segments to purchasing their products.

The Home Depot Budget

-The budget and expenses have decreased for the last 3 years for home depot from a \$7,242,000 to \$4,803,000 because of recent year's economic downfall, but from the last 2 years there has been an increase of net Income by \$401,000.

-With the cost cutting there has been in improvement on stocks while ranging from \$26.62-\$37.27 a share for the last 52 day period. (Shown in the graph below for the last 3 months)



Growth

-The growth of home Depot for the next year is to expand another 176 stores across America even though they do see a decrease in overall profit they are expecting this, but seeing greater income in the years to come with their expansion of these stores.

-They wish to expand into more foreign markets such as India and China but they have realized that their products and retail style of sales don't have an exact market for either placement. They are trying to adjust their strategy so hopefully they are able to expand into these areas.

Marketing Capabilities

-Home Depot has expanded through the internet by improving their web shopping by making it more accessible to its customers.

-With having constant seasonal sales, it brings a high amount of customer traffic

-The variety of products they have it allows customer to shop from any price point or quality of product

-Home Depots across North America are improving warranties and decreasing prices to obtain a bigger customer market and trying to increase in-store traffic, the price decreases are being provide in different sales and promotion that are either provide online or in-store.

Company Weakness

- Still very geared towards men, still missing the market of women involvement with home improvement
- Stronger in-store employees that are more knowledgeable about the products, that are able to describe products in a sufficient way.
- Only targeting on sub market
- High turnover Rates

Bluedot.com: The company goal is to bring good design to as many people as possible. They provide products that are affordable, helpful and overall attractive to customers.

Products

- The website provides an array of different types of furniture, they are: Bedroom Furniture, seating, Desks, dining tables, coffee tables, storage, lighting, accessories, and outdoor
- A Modern furniture company that's trying to "bring down the cost of good design"
- The pricing of the product is moderate to high, it gives customer opportunity to buy quality products for a low mark-up price

Growth

- The company's growth over the last several years has exploded from 4.6 million to a 22.7 million.
- With the expanding internet market and people expecting less services they are more inclined to buy online instead of go into a store and purchase an item
- The company is privately owned by 3 college friends that all had a passion for architecture and design
- Works with independent retail furnishing stores as well as their website to provide their customer with excitability

Target Market

- Customer that wish for edgy new design
- customers that are more product based than service based
- Do it yourself customer that don't mind setting products up
- Younger, educated with income of \$40,000+

Market capabilities

- Going after the younger edgy segment of the population allows for longer brand awareness and continuous customer traffic for years to come

-Can expand easier through smaller retailers to other countries because they are a supplier and don't have to worry about issues like fitting the right demographic

-With being one for the first internet based companies for this segment of products, it is very unique and will be recognized for this fact

Company Weakness

-Because of it being internet based, allot of older potential customer will be missed because they have expectation of most traditional furniture store

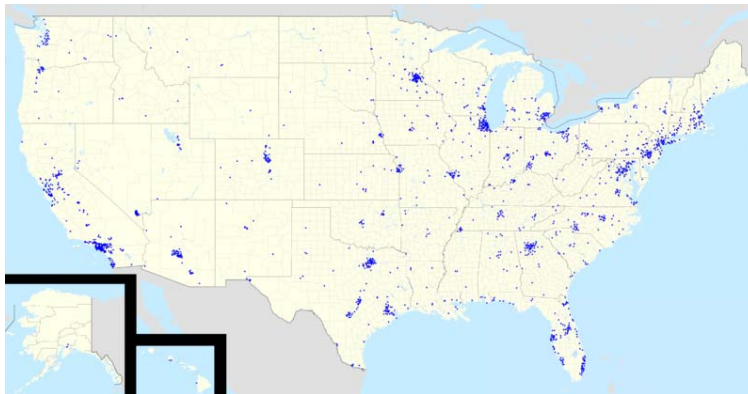
-They only work with small retailer and will miss out of big department store opportunities

-Even though they have a huge section of product, most of their products are based on edgy modern type furniture. This will cause problems because not everyone appreciates that kind of style

Target

Target is the second largest discount retailer in the world; it has over 1,743 locations across America. It's different from other discount retailer because it sells more upscale, trend-forward merchandise at low cost, as opposed to the traditional concept of focusing on low-priced goods.

-The location of target is spread around the United States with having a high location rate towards the eastern coast



Products

-The variety of product that is available at Target: dining, kitchen, furniture, patio, bed, bath and home decor.

-These products are a direct competition to the IKEA market; they bring a competition that will intrude on IKEA expansion.

Target's Budget

-The budget for target has decreased over the last 3 years from \$5,272,000 to \$4,673,000 but with an increase in net income as well for last year being a \$2,448,000.

Growth

-The company's share has ranged from \$48.23-\$60.97 in the past 52 weeks

-Target has recently bought Zellers Canada and is expanding towards the north and is hoping to start opening stores in Canada around 2013.

-Target wishes to expand more into the central area of the states to obtain a new market of American's

Target Market

-Tend to attract younger and more educated and wealthy customers

-Target shopper is 41 years old, which is the youngest of all major discount retailers

-Income of Target's customer base is roughly \$60,000-65,000

-Most of Target's customers have or are attending college; these are customer that are into trendier products and appreciate the lower margin of cost.

Market Capabilities

-Expansion to the Canada market

-Younger demographic looking for trendier products that target supplies

-Expansion into Central America where they can see new markets even within the states

Targets Weakness

-High turnover; low income employees

-They operate only in the U.S. (until 2013)

-Quality control; there has been lots of recalls for target because of buyer not checking products that are purchase for stores.

Economic Growth and Stability

The Quarter-to-Quarter Changes in the Components of Real GDP in 2009-2010 (Billions)

Sectors	1st	2nd	3rd	4 th	
<u>GDP</u>	-23.9	71.5	182	105.2	
<u>Consumption</u>	-20.2	63.6	45.9	83.2	
<u>Durables</u>	-15.5	51	-2.4	30.5	
<u>Nondurables</u>	-9.8	7.6	21.3	19.8	
<u>Services</u>	2.8	11.8	25.8	36.5	
<u>Investment</u>	=	101.8	17.7	127.4	56.8
<u>Residential-</u>					
<u>Structural</u>	-23.5	15.2	5	-10.3	
<u>Non-residential-</u>					
<u>Structural</u>	-32.8	-19.4	9.1	-13.4	
<u>Equipment</u>					
<u>& Software</u>	-11.0	3.3	27.9	29.4	
<u>Inventory</u>	-46.3	21	105.7	50.8	
<u>Net Exports</u>	56.1	-27	16.3	-19.0	
<u>Exports</u>	-15	59.3	62.8	22	
<u>Imports</u>	-71.2	86.4	46.5	41	
<u>Government</u>	41.4	16.9	-1.1	-11.6	
<u>Federal</u>	27.2	19.8	0.2	3.5	
<u>State &</u>					
<u>Local</u>	14.7	12.2	-1.2	-14.9	
<u>Residual</u>	0.4	-8.5	-1.8	-7.9	

Economic condition

This table represents what areas of purchases are being made since the economic downfall of the American economy.

-Many residential purchasing have decreased, but because of this many people will see the moment of more IKEA stores a benefit to their areas.

-Federal and local purchases have also downsized, which will put a hold onto movement to less developed areas of the U.S.A

-Customer ability to purchase has become increasingly possible for durable goods such as furniture and other at home goods. But with certain trends of GDP it seems to vary throughout the year, with high increases and high decreases.

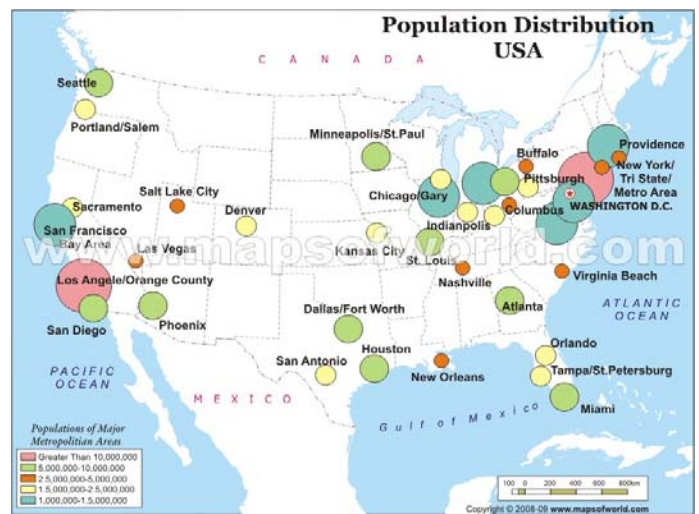
-A company such as IKEA must have the ability to withstand very low point in sales and then provide inventory when the customer demand is increasing again

Population Distribution

-As seen on the map certain areas of the states have a high density of population.

-Since IKEA is based mostly on the Eastern & Southern sea board of the States there is plenty of ideal store location that can be placed throughout the rest of the country.

-Areas of interest for IKEA would be the western seaboard because of their trendier styling such area's like San Francisco and Los Vegas. Would bring a great new target market



Raw Materials

-With increasing price for Raw materials, many importers and manufactures will have to increase final products prices to as much as 15%.

-While acknowledging increases in the cost of leather, wood, foam, glass, cardboard and even finishing sprays and coatings, and now with the increase of steel price it may be pushing suppliers to breaking points

-These factors will either cost IKEA more on their bottom line or will cost their customers more if they increase their prices, which will also affect their segmentation of the target market

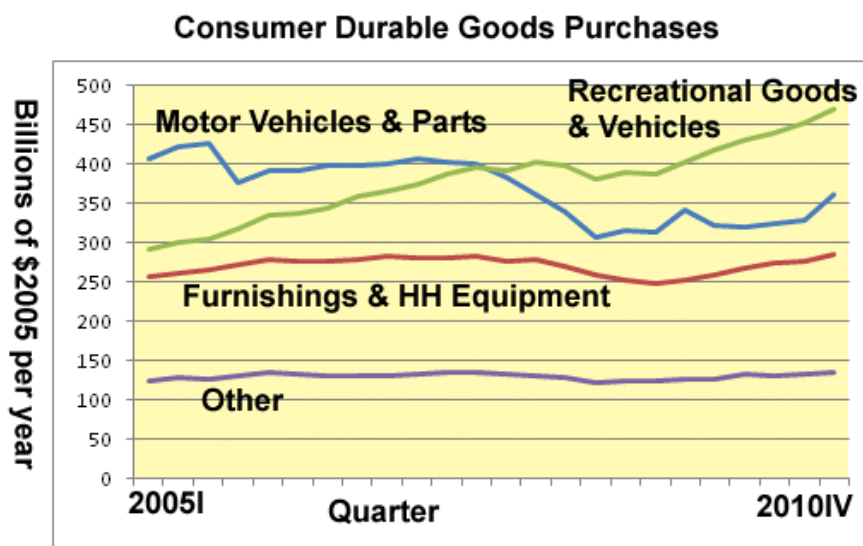
Merger/Acquisition trends: With current mergers in the industry, IKEA has seen competitors going towards other markets that are currently leaders in. Target with the current takeover of Zellers has made them able to move stores to the Canadian market; this move will make retailers such as IKEA and Wal-Mart to strive harder to achieve their customer traffic in their stores.

Sales Trends

-The downfall of sales in furnishing HH equipment for 2008 was fixed when tax rebates were issued for that year, time will only tell if this trend continues with the current stability of the market

-People are moving toward more Edgy and low cost furnishing; they want an appearance of quality but still have the implementation of durability

-With these current trends IKEA must have the ability to have low mark-ups on products because they are buying better quality products to satisfy their customers.



Supply/Demand issues: Because of current increase of raw materials, supplier will have to increase prices to retailers such as IKEA and that will affect the company either by their ending revenue or affecting customer purchases by increase product pricing

Marketing Challenges

-Achieving markets over in western seaboard; because many of the people living in the California area might look at IKEA as tacky. They must have a way of introducing themselves to this similar but particular market

-Expanding into areas that have more small retailer based stores and strongly suggested for excitant service

Political Factors

The biggest political factor right now affecting IKEA is the current Comprehensive Economic and Trade Agreement between Canada and the European Union. What they are discussing will outline either tax breaks or increased taxes on imports into Canada. This can affect them negatively or positively. If they decide to reduce taxes in order to increase the amount of trade between Canada and the EU IKEA will likely benefit from this change. They will be able to ship more products for less money therefore giving them more of an opportunity to expand into different regions in Canada. If the outcome is to increase taxes on furniture into Canada, to decrease the amount of competition Canadian furniture manufactures face, it would result in a decline in IKEA's numbers as well as a lack of expansion for them into regions and territories. The outcomes of these talks are very pertinent to IKEA's expansion plan.

Another factor is the political leaders in place right now, in the federal government, and who the political leaders may be in the next few years. The conservative party of Canada is currently the government in power in Canada, although not by majority. Their goals are to reduce taxes and increase job opportunities for Canadians. This would benefit IKEA very much as they have a strong track record with their employees and would not be affected by a tax hike therefore giving them ample opportunity to expand and maybe even take tax breaks on expansion. The conservatives are faced with a challenge, they want to get more jobs and cut taxes for Canadians, but by doing so it appears as though they are putting Canada even more into debt which will eventually come back to hurt large businesses and corporations later. The liberal party of Canada on the other hand wants to increase taxes while still increasing the job opportunities for Canadians. Their goal is to get Canada out of debt, as it was before Stephen Harper was in power. This may affect the large business as they fall into higher tax brackets and that is usually who politicians will put tax increases on. Either way IKEA needs to "keep their finger on the pulse" (Daly) not only federally but provincially and regionally as well. Just because our federal government is conservative it does not mean that provincial premiers are subject to running the province a certain way. They have the power to change provincial legislation with things to do with employment, minimum wage, taxes (provincial), and workplace safety.

Legal and Regulatory Issues for Expansion in Canada

Employment and Employees: The first challenge that IKEA faces is to make sure that in any province or territory they decide to expand to that they know the minimum wage for employees. In every province the minimum wage is different and needs to be looked at when looking to expand in Canada.

Province	General Wage
Alberta	\$8.80
BC	\$8.00
Manitoba	\$9.50
New Brunswick	\$9.00
Newfoundland	\$10.00
NWT	\$9.00
Nova Scotia	\$9.65
Nunavut	\$11.00
Ontario	\$10.25
PEI	\$9.00
Quebec	\$9.50
Saskatchewan	\$9.25
Yukon	\$8.93

The next Challenge is to keep up with the employment standard in every province as they change from province to province. There are employment standards codes available online for each province and although there are small differences there are differences. These employment standards outline things like: Standards, Paying Earnings, Employment Records, Hours of Work, Overtime and Overtime Pay, Vacations and Vacation Pay, Maternity Leave and Parental Leave, Reservist Leave, Termination of Employment, Layoff and Recall, Restriction on Employment of Children, Personal Disabilities. It also outlines the proper standards for administration: General, Employment Standards Officers, Employment Standards Complaints, Investigations and Determinations, Appeals to Umpires, Conduct of Proceedings, Enforcement of Orders and Awards, Director's Demand to Third Parties, Offences and Penalties, Procedural Matters and Regulations. All of these are outlined in the provinces Employments Standards Code that can be found with the ministry of labor for that province.

Another Issue is keeping up to date and with the current Workplace Safety Insurance Boards relative to each province. Each province has its own board and is regulated by the government; policies within these boards can change with the changes made in the employee standards codes and through different political leaders, which can have an effect on both standards and workplace claims.

Regulations, Taxes and Tariffs: There are currently negotiations being held between Canada and the European Union regarding a comprehensive economic and trade agreement. Depending on the outcome of these negotiations IKEA may either face a harder time importing into Canada or they may have an even better situation than they do now. This affects IKEA because they are located in Sweden, which is a part of the European Union.

There are current trade regulations already in place for trade between Europe and Canada outlined on the Government of Canada Website. These are federal laws and regulations and are therefore already being enforced for IKEA as they are already here in Canada. These may change due to the current talks between Canada and the European Union.

Role of the Bureau

While the economic benefits of free-flowing trade are one of Canada's greatest assets, controls have been judged essential for a variety of reasons:

- to regulate trade in military and strategic dual-use goods, and prevent the proliferation of weapons of mass destruction, as we are obliged to do under multilateral agreement;
- to prevent the supply of military goods to countries that threaten Canada's security, are under UN sanction, are threatened by internal or external conflict, and/or abuse the human rights of their citizens;
- to protect vulnerable Canadian industries, such as clothing manufacturing;
- to obtain negotiated benefits from international agreements;
- to implement trade restrictions in support of Canada's supply management programs;
- to fulfil other international obligations; and
- to implement UN Security Council trade sanctions.

Controlled Goods

Import Controls:

- Textiles and Clothing
- Agricultural Products
- Steel Products
- Weapons and Munitions

Export Controls:

- Agricultural products: Refined Sugar, Sugar-containing Products and Peanut Butter
- Textiles and Clothing
- Military, Strategic Dual-use Goods
- Nuclear Energy Materials and Technology
- Missile, Chemical or Biological Goods of Non-proliferation Concern
- Softwood Lumber, Unprocessed Logs and Certain Other Forest Products
- Miscellaneous Goods including Goods of U.S.-origin, Roe Herring and Certain Items with Medical Value
- All Goods Destined for Countries on the Area Control List: Myanmar.

Individual and General Permits

Most controlled goods require an Individual Permit for import or export, although some goods may enjoy facilitated treatment under a General Permit. General Permits are not specific to an individual importer or exporter in the manner of Individual Permits. General Permits allow for the pre-authorized export or import of certain eligible goods to/from certain eligible countries, by a simplified process (explained in later sections). For instance, the import or export of household goods are treated in this manner.

Regulations

Import Permit Regulations (IPR) and *Export Permit Regulations (EPR)* establish procedures for obtaining permits. Copies are available upon request.

Other Acts or Regulations may apply simultaneously, in some cases. For instance, countries listed on the ACL are often also named in the *United Nations Act (UNA)* and specific Regulations because they are under some form of trade sanction authorized by UN Security Council (UNSC) Resolution.

Fees for Permits

A modest fee is charged for most permits, as a cost recovery measure. Please enquire what fee may apply in your case, and how it should be submitted.

Violations

The EIPA makes provision for prosecution and penalties for contravention of the EIPA or its regulations. Both corporations and their officers are potentially liable. Investigators from Canada Border Services Agency and the Royal Canadian Mounted Police enforce the EIPA. Where offences are suspected, Border Services Officers may detain or seize goods; as well, forfeiture action may be taken. Investigations may lead to charges, prosecutions, fines and/or incarceration.

Permits and Taxes: There are provincial and regional building permits that IKEA must obtain in order to build a specific size building and regulations on the land on which they are building on.



[PRINT](#)

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When is a Building Permit required?

You will need a building permit if you plan to:

- Construct a new building
- Any addition to an existing building
- Structural alterations
- Renovate, repair or add to a building
- Demolish or remove all or a portion of a building
- Change a building's use
- Install, change, or remove partitions and load bearing walls
- Make new openings for, or change the size of, doors and windows
- Build a garage, balcony or deck
- Excavate a basement or construct a foundation
- Install or modify heating, plumbing or air-conditioning systems
- Install or reconstruct chimneys or fireplaces
- An accessory structure larger than 108 sq. ft. in area
- A deck more than 24" above ground
- A wood burning stove/fireplace installation
- A basement entrance
- A Second Suite
- New or altered plumbing

Taxes and fees differ from province to province and IKEA may face challenges when entering a new province or territory. These taxes may include: Importing and Exporting, Building Materials, Property Tax, Income Tax, etc. These will change based on province and should be taken into consideration when expanding. *“Canada is the world’s most expensive country in which to own office towers, at least when it comes to how deeply taxes cut into profits. Taxes on commercial property rents in Canada are a “massive” 53 per cent of total income, according to a study by international tax advisory firm Taxand. The United States, the next highest country on the list, taxes its commercial property rents at 41 per cent.”* (Laudurantaye, 1) This shows how expansion in Canada, although possible, may not be the most profitable. With taxes over 50% of their annual income IKEA has to be prepared to throw away a large portion of their profits just to be located in Canada.

Workplace Safety Insurance Board also plays a large role in regulations when it comes to workplace safety. They have rules and regulations that every business must follow. Also because IKEA is like warehouses there are even more safety regulation than there would be for an office building.

Because IKEA actually sells and prepares food they are subject to inspections and regulations from the Canadian Food Inspection Agency.

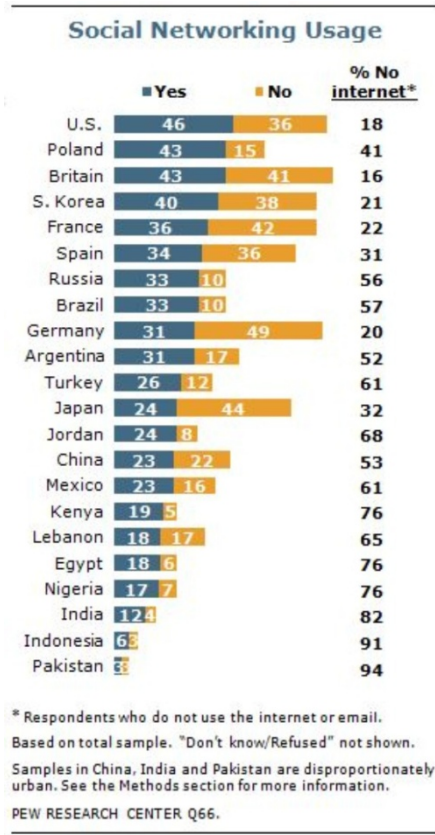
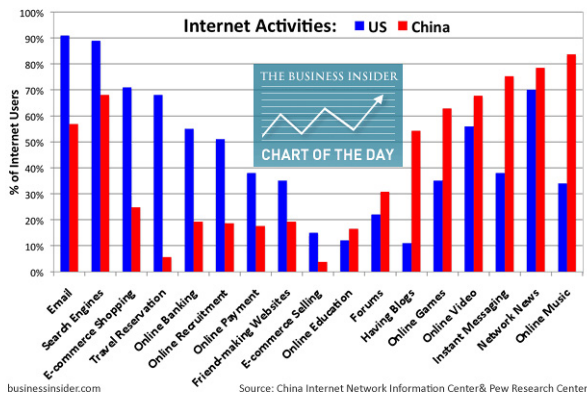
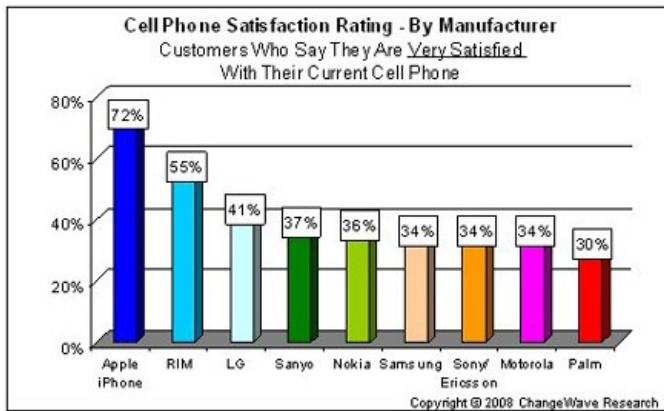
Our strategic outcomes

- **Public health risks associated with the food supply and transmission of animal disease to humans are minimized and managed**
- **A safe and sustainable plant and animal resource base**
- **Contributes to consumer protection and market access based on the application of science and standards**

Technological Advancements

Society in the 2000’s really moved into more of a technology friend world. Everything was made available to you on the internet and more and more companies really capitalized on this by making their company more visible online. IKEA really suffered from and had to incorporate themselves in the “online world”. IKEA did this by introducing the IKEA phone app in 2009. Since then it has been regular improved and updated with catchy and growing on you items added to the app. This app could not be any more convenient as it allows their customers to view the latest product trends through their catalogues and can view them instantly. This allows them to target the most used mobile devices and get these users to view this app and shop. Now by doing so IKEA made this app available on both the Iphone and blackberry devices. By doing so reaching out to the two most owned smart phone devices.

With IKEA being very consumer friendly with its price decreases from 2-3 % yearly, they really had to explore the online world and get their company name out there to the people that didn’t know them. My addressing the online weaknesses IKEA has now made it that from simply one touch on your mobile smart phone you can view their entire catalogue, see what is new and hot, all this on your time, and on the go. Americans use the internet more often than consumers in other countries that IKEA has stores and products in. So why not reach out to your customers by making yourself available in such a market where your customer can see your products on the go from a touch on their phone.



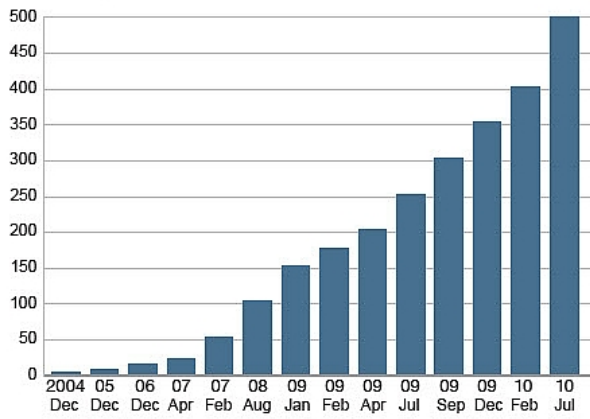
Sociocultural Trends

Facebook in recent years has really taken over people's lives. It is something they check when they wake up, something they have on their phone that they can check whenever, and is a major part of society in today's world. IKEA had already taken care of their mobile online weaknesses so now to address their sociocultural needs. Facebook is a place to see what your friends are doing, who is talking to who and really a place to communicate with others. Facebook also happens to be a place where one can keep up with the sociocultural trends. Who's hot, what's in, and what's upcoming are all things you can discover on Facebook. IKEA decided it needed a Facebook page and it did that just. By creating this page IKEA made it available for customers to access pictures, videos and information regarding IKEA on its Facebook page.

The Facebook page IKEA created was very smart and savvy with it being an instant hit. IKEA created their Facebook page and posted their products in the "pictures section" of Facebook. This not only allowed people who were on IKEA's Facebook page to see their current products they had in store but also gave it a twist. IKEA created a twist in which if people tagged themselves in the photo IKEA posted of their furniture they would win that item. Word got out of what IKEA was doing and it had become a worldwide hit. People all over the world went and searched IKEA's facebook page to see what the entire buzz was about.

The rise of Facebook

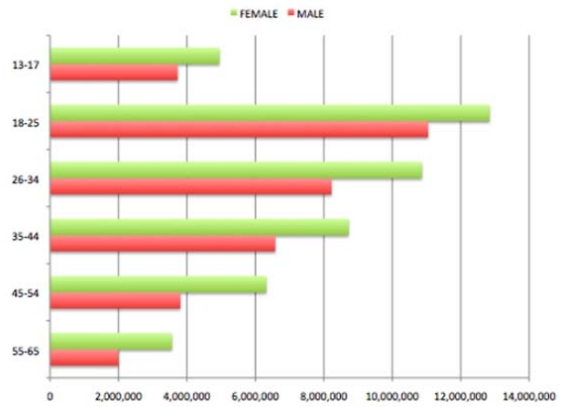
Active users, millions



Source: Facebook

US Facebook Users By Age and Gender

InsideFacebook.com, 10/1/09



S.W.O.T

Strengths:

1) Low cost structure

Despite the state of the economy, IKEA has been able to maintain their profit margin because of their affordable products, since customers must assemble the product itself. The company buys in bulk from their suppliers so they are able to offer a lower price to their customers. The completion offers a high price because they do not offer a do-it-yourself approach, IKEA has a competitive in that they have low price products and their furniture is stylish, modern, and functional. The company's low cost structure is able to meet the consumers' needs because of the downfall of the economy; therefore consumers are looking for affordable products.

2) Sustainability

IKEA is environmentally conscious and cost-effective. It is considered environmental friendly because they use renewable, reusable, and recycled materials as much as possible. For example, wood is IKEA's primary source of material, and they obtain it from responsibly managed forests. Their catalogues are printed on chlorine-free paper and contain at least 10-15% post-consumer waste. The pre-press process is 100% digital, meaning no film is used and it is associates no chemical use. All of their products come in cardboard, compact packaging for easy use and easy recyclability. The company does not use plastic bags, in an effort to maintain its environmental responsibilities. These strengths differentiate IKEA from their competitors because their employees understand the consumers' needs and are aware of their company's carbon footprint.

Weaknesses:

1) Size

IKEA is a warehouse style shopping center. Because of its size IKEA is going to have a hard time breaking into smaller markets. There are not enough people in a smaller region to sustain a store the size of IKEA. The people in this region may be interested in purchasing and using IKEA's products therefore limiting the access of their product to potential customers. The reason IKEA may not be able to penetrate a smaller market like Target would be able to, is because they only offer home furnishings. Target, on the other hand, is a massive "convenience" store essentially. A customer may visit Target for home furnishings but also for anything from clothing to groceries to technology.

2) Online Support

Although IKEA does have a website, which is interactive for customers, it has a very limited supply of products available to order online. "IKEA basically forces consumers to shop at their nearest brick-and-mortar locations." (Copeland, 497) This is a huge weakness considering their first weakness. Not only can they not penetrate smaller markets with an actual location but they do not even facilitate an online store for customers in those regions to use. The competitor Bludot.com has a superior online shopping experience, because they deliver anywhere in North America and facilitate through small retailers which allows them to target customers in smaller regions, which IKEA cannot.

Opportunities:

1) Internet

The American market uses a high amount of internet to complete daily task from email to online shopping. This opportunity will allow IKEA to pursue new marketing expedition and go after other competitors like bludot.com, if there online shopping experience provides a positive image to their customer like their Facebook Fan page. It will provide a new segment of customers and easier access for usual IKEA customers.

Time: within 6 months to achieve better online shopping experience

2) Expansion

With the Population distribution across the U.S it clearly shows areas of America that could possibly be developed for new stores. An area for great consideration would be California even though they are into more expense products, IKEA provides an edgy look for cheaper prices. This will be an opportune time for them to achieve this market because of current economic times and the current raise prices of Raw Materials. With new stores opening it will improve customer traffic within the IKEA stores; this will provide a bigger image for the overall company and also an opportunity for reaching a new segmentation of wealthier customers.

Time: within 3 years to achieve new stores and get buyers to get California type products

Threats:

1) Home Depot (competition)

The Home Depot is a huge threat to IKEA because of its huge online site with all their products, ratings and prices it give them a physical advantage to them. Also Home Depot is the 2nd largest retailer in the world which means they have very strong brand name and people response very well to the name. One of the biggest problem is that Home Depot also goes after one of the same segments as IKEA (do it yourself). The service of the customer will be met at different levels because of the different products provide in store: they provide hardware, lumber, kitchen appliances, furniture, and many other products.

Time: with the opening of 176 stores across America in the next year, the threat will keep increasing to IKEA and there should be immediately action.

2) Raw Materials

Increasing price for Raw materials, many importers and manufactures will have to increase final products prices to as much as 15%. While acknowledging increases in the cost of leather, wood, foam, glass, cardboard and even finishing sprays and coatings, and now with the increase of steel price it may be pushing suppliers to breaking points. This will affect IKEA through its product because it will close the line between cost and profit or they could increase prices to their customers and cause them there image as a company

Time: this is affecting them right now, if it continues for a long period of time, it will affect the bottom line of IKEA

S.W.O.T **Matrix**

Strengths:

- Affordable prices have made IKEA maintain their profit margin through the recession
- Affordable price because IKEA buys in bulk and is able to offer the lowest price to their consumers
- Do-it-yourself approach gives IKEA a competitive advantage because they are able to ship their products in flat packaging, rather than whole furniture
- IKEA does not use plastic bags to maintain its environmentally friendly vision
- Wood is IKEA's primary source of material, and they obtain it from responsibly managed forests

Weaknesses:

- With IKEA's warehouse shopping centre style it may be difficult to enter smaller markets
- With IKEA only offering house furnishing it allows for a company such as Target to enter those smaller markets because of the wide variety product convenience made to the customers
- Having an online website that limits customers in purchasing products online due to the product supply is a weaknesses
- Not only can IKEA not enter smaller markets with actual locations they struggle with an available online store to accommodate those customers

Opportunities:

- High internet usage from America market provides opportunity for IKEA to take advantage of new marketing expeditions online
- Online shopping experiences provide a positive image one that can be achieved through IKEA's Facebook fan page
- Much more convenient and easier access for IKEA customers
- Room for expansion throughout United States especially in the California market
- New store openings create more customer traffic

Threats:

- Being the 2nd largest retailer in the world and having a large online site Home Depot continues to be a threat to IKEA
- Very strong brand name and people recognize and respond well to the name
- A huge threat is also Home Depot's "Do It Yourself" segments
- With Home Depot opening 176 across America in the next year they will continue to be a huge threat to IKEA
- Increasing prices to raw materials with final products prices being increased up to 15%
- Fine line between cost and profit could be something IKEA has to deal with regarding raw material price increase
- Having to increase product prices may result in a negative customer reaction towards their company

Developing Competitive Advantages

-Because IKEA has a low cost structure we believe that they can expand into the online market without incurring too many costs.

-Because of the low cost structure IKEA should expand to the west coast, particularly California.

-Their sustainability makes them a perfect candidate for expansion into regions with enough people to sustain a store of its size.

-IKEA's product branding of low cost furniture and less in store sales pressure lead customers believe there may be less of a markup and believe the product is cheaper in the stores in comparison to competitors.

-We believe that the online support is the most important thing that IKEA focuses on in order to convert a weakness to a strength. If they were to facilitate an online store they would be able to expand without any further costs in building their "Brick and Mortar" stores. This also reduces the risk of expansion into smaller regions, if they were to open up a store in a region that may not be able to support a store that size they would potentially lose money and have to shut down locations.

-Because they are such a large retailer they cannot build in smaller regions or areas with a relatively small target market or population.

-If IKEA starts selling their products online and deliver throughout North America they will be converting a weakness into an opportunity.

Developing a Strategic Focus

-We are going to take an aggressive strategic focus on bringing IKEA online. Not only will we reach potential customers in less populated areas but they will catch up to their competitors. The other reason for this strategy is that this is the way IKEA can start to reach a younger demographic. Younger people are more aware of online activities and are more willing to buy online. The older demographic is still a little scared about buying online.

Strategic Canvas

-Channeling the low cost structure which IKEA currently leads along with innovative design, child care, pricing, meals, and overall experience. These are characteristics in which IKEA differs from its competitors.

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