The Times 100
Business Case Studies

IKEA

SWOT analysis and sustainable business planning
Introduction to IKEA

- Founded in 1943 in Sweden
- 253 stores worldwide
- 19 stores in UK and Ireland
- Over 9,500 home furnishing products
- Global sales of €21.2 billion in 2008
IKEA philosophy

- ‘To create a better everyday life for the many people’
  - Low priced, well designed, functional products
  - Caters for all ages and lifestyles
  - Sustainable solutions – for products and practices
- No contradiction between sustainability and good business
**SWOT analysis**

- Strategic planning tool
- Focuses on key internal and external issues
- Use strengths to create opportunities
- Address weaknesses to minimise threats
Strengths

- Strong global brand
  - Same quality and range worldwide
  - Clear offer

- Increasing sustainability of supply
  - Greater use of renewable materials – 71% (2007) to 75% (2009)
  - ‘Smarter’ use of recycled or reclaimed waste products – 84% (2007) to 90% (2009)
  - Sourcing materials close to supply chain to reduce transport costs, lowering carbon footprint
Opportunities

- Growing consumer demand for sustainable products
  - Online tips and ideas for staff and consumers
- Trends for lower prices due to downturn in economy
  - Using new technology to keep quality but with reduced materials used
- Need to reduce water and energy usage and lower carbon footprint
  - Aims for zero waste to landfill, reduced water usage
  - Reducing use of air transport and packaging
Weaknesses

- Size and scale of business
  - Controlling standards and quality
  - Managing supply chain to meet IKEA standards
- Demand for lower prices
  - Balanced against good quality
  - Need to differentiate IKEA amongst competitors
- Communication
  - Keeping high profile with stakeholders
  - Print/online publications, TV/radio campaigns for different audiences
Threats

- Slowdown in first time house buyers due to recession
  - Focusing on home improvement
  - Staff trained to help customers be more sustainable
- Reduced consumer spending and disposable income
  - Passing on cost savings to help customers save money
- More competitors entering low-cost furnishings market
  - Low cost, high quality products attract both cost conscious and design conscious consumers