

Analysis of the Mechanism for IKEA to Improve Its Brand Reputation Through Integrated Marketing

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Abstract: As a world-class home furnishing company, IKEA occupies an important position in the current international furniture industry. The success of IKEA has also been studied and analyzed by many scholars. The study found that IKEA's success is not only dependent on IKEA's good marketing choices, but also on IKEA's good reputation among consumers. This study will start with IKEA's marketing decision-making. Authors use the 4Ps model as the theoretical basis to study the success of IKEA's marketing strategy, and combine IKEA's marketing success with IKEA's good reputation to explore how IKEA can improve the good reputation in the minds of consumers through successful marketing choices, so as to achieve profitability. In this study, authors find that IKEA's success is very relevant with IKEA's high popularity. This high popularity is result of IKEA's great marketing mix. So, the authors will study the relationship between IKEA's marketing choice and high popularity.

Keywords: IKEA, 4Ps, marketing mix, brand profitability, high popularity

1. Introduction

IKEA was founded in 1943 by a 17-year-old Ingvar Kamprad. Nowadays it has become a multinational home furnishing like kitchen appliances, decoration, and home accessories conglomerate originally started in rural Sweden, bringing afford, design, and comfort to people around the world. However, it is undeniable that it has been accused of several problems: product quality and shoddy craftsmanship causing an allergic reaction, ethical issues like age discrimination, and worker's rights issues in its supply chain, sustainability issues related to excessive deforestation. These problems could negatively affect brand equity to a great extent. Brand equity is the value premium a brand achieves based on how consumers perceive and value the company [1].

Nowadays, the size of the furniture market is anticipated to increase at a compound annual growth rate (CAGR) of 5.57% from USD 652.40 billion in 2023 to USD 855.49 billion by 2028. Growing Online Sales The market is being driven by the increasing use of smartphones. Because smartphones are so common, internet costs have decreased, and the sheer number of low-cost

Schmitt B.H. first proposed experiential marketing in 1999. Based on four senses of customers, he refined and designed the mindset of marketing. The four senses are feelings, thinking, action and

relation, which can effect consuming decisions directly [2,3]. He believed that consumers need to experience the product before they buy it.

The current research provides a detailed introduction to IKEA's marketing management. They consider that the "experiential marketing" is the main characteristic of IKEA. Customers can experience the comfort of furniture in IKEA, which give customers a great impression of IKEA. However, "experiential marketing" is only one way of IKEA's marketing methods.

In the same way, catalogue and brochures are one of the important marketing strategy of IKEA. IKEA has been officially releasing its catalogue and brochures since 1951, and its circulation even exceeded that of many famous business magazines. Catalogue and brochures intuitively display product appearance, price, functionality, and other characteristics to consumers. This method greatly promotes the purchase volume of products. Although compared to advertising, it has a higher cost, its brand penetration effect surpasses other methods.

This method greatly promotes the purchase volume of products. Unlike traditional pricing methods, IKEA determines the product after pricing first, enable enterprises to better feel the changes in the consumer market and grasp consumer psychology. In addition, in order to lower product prices, IKEA adopts flat packaging, which not only facilitates transportation but also saves assembly costs.

But these studies fail to combine marketing methods with IKEA's high brand favorability. It is no doubt that the great choice of marketing plays an important role in IKEA's high popularity and extensive praise. Based on previous research, this research paper focuses on the development of IKEA's brand popularity.

4Ps theory is one of the most important theory in marketing. It has four elements: product, price, place and promotion. Actually, it studies the major factors in brand marketing from the perspective of managers.

This research paper will analyze IKEA's success based on the 4Ps theory from marketing mix: product, price, place and promotion, which are four components that serve as the cornerstone of IKEA's marketing strategy. The purpose of this academic research study is to examine how IKEA strategically uses these components to create its brand awareness, pique customers' attention, and promote brand loyalty. In term of research method, literature review is applied: a methodical examination and synthesis of previous studies, books, academic articles, and other reliable sources that are relevant to a certain subject or research issue.

2. IKEA's Marketing Advantage and Effects

2.1. Unified Product Style

Due to IKEA being a home retailer from Sweden, its design style is influenced by the Nordic climate and environment, presenting a simple, natural, and fresh decoration style. IKEA's color usage is mainly based on medium to low blackness, low chromaticity, and warm tones. This color combination meets people's psychological demands for bright, harmonious, comfortable and warm home spaces. Research has shown that scientific and reasonable color combinations can effectively shape space and volume, organize the relationships between objects in space, and influence people's perception to form a specific spatial atmosphere [4]. Therefore this warm and bright design style is deeply loved by consumers who pursue the beautiful appearance.

2.2. Stable Supply Chain System

At present, IKEA's supply chain is very large, with more than 1,300 suppliers in 55 countries and regions, and 31 wholly-owned factories in 9 countries [5]. And different from the traditional enterprise supply chain model, IKEA can enhance the relationship between enterprises and suppliers in the procurement management process. This can better reduce the cost and time of new product

development, so that the product can enter the market earlier and obtain higher profits as soon as possible. The ultimate goal is for both partners to win.

IKEA uses bidding for the selection of suppliers to stimulate competition and reduce costs. IKEA's strategy is to establish long-term partnerships with suppliers. In order to better manage suppliers, IKEA has set up corresponding local trade offices in 33 countries and regions. Moreover, IKEA will continue to evaluate its suppliers and re-evaluate its suppliers every year [5].

2.3. Equitable Price

Unlike traditional pricing methods, IKEA's pricing strategy is to set the price first and then decide on the product, and IKEA can feel the fluctuations in the consumer market and changes in consumer psychology. IKEA has a dedicated product strategy committee that monitors consumer spending at any time and then arranges IKEA's product launch based on changes. This can control cost expenditures and ensure that the product adapts to the market environment. These measures effectively control IKEA's pricing and maintain the level acceptable to low and medium consumers. IKEA's affordable prices make products more cost-effective [5].

2.4. Flexible Transportation Packaging

In addition, in order to reduce product prices, IKEA adopts flat packaging. This action maximizes the utilization of the space of freight trucks. The quantity transported through flat packaging is six times that of regular transportation. Due to the fact that the components of IKEA products come from different regions, logistics costs will inevitably become IKEA's largest cost expenditure, so flat packaging can reduce costs. IKEA has a coffee cup. In order to accommodate as many coffee cups as possible in the packaging tray during transportation, after three modifications by the designer, it has finally increased from the original capacity of only 864 coffee cups per tray to 2024 coffee cups. It also reduced transportation costs by 60% [6].

3. Unique Marketing Mode

The current research provides a detailed introduction to IKEA's marketing management.

3.1. Experiential Marketing

They consider that the "experiential marketing" is the main characteristic of IKEA. Customers can experience the comfort of furniture in IKEA. At IKEA's offline shopping mall, IKEA has achieved the ultimate in scene experience. Unlike other furniture brands, IKEA cleverly combines all its products to create various sample rooms. People can truly experience IKEA's products, for example, customer can lie in bed and experience the comfort of the bed. Similarly, customer can also walk into a carefully designed cloakroom, and IKEA even places clothes in the wardrobe very thoughtfully and meticulously. All the sample rooms were restored one-to-one to the real scene at home. Many customers have developed a desire to purchase IKEA products because they have experienced their practicality. This also confirms the success of IKEA's experiential marketing [7].

3.2. Exploration of the Digital Economy

With the development of the digital economy, IKEA has begun to explore how to use the digital economy to make profits for brands. IKEA has launched the largest strategic transformation globally. So IKEA launched its official shopping application in 2019 and stationed flagship stores on online shopping platforms. In IKEA's application, in order to satisfy consumers' online shopping experience, IKEA categorizes products accurately. The webpage style is also in line with IKEA's minimalist style.

Even AR (Augmented Reality) technology has been applied in the application, allowing consumers to intuitively feel the characteristics of the product and design and match room layouts themselves. IKEA has set up a social media platform marketing team, which has accumulated 1.84 million and 560000 fans on China's larger social platforms, such as Weibo and TikTok, and has achieved good results. However, IKEA still needs to further advance in terms of platform breadth and social depth [8].

4. The Reasons behind IKEA's Success

It is known for its experiential marketing. Unlike other furniture industries, IKEA encourages customers to experience the furniture in the store for themselves. At a time when consumers have higher and higher requirements for material needs, they are also more sensitive to the quality of services. In the current market context, the experience economy has become a new economic derivative and has become the spiritual demand of consumers in consumption [9]. In this marketing model, customers can experience the comfort of the furniture they need in advance, so that customers can have an in-depth understanding of their products, which in turn reduces the customer's inner purchase pressure and the possibility of returning the product after purchase. The choice of experiential marketing is more in line with IKEA's customer-first brand philosophy, and the customer-centric service requirements have also earned IKEA a lot of praise and a high reputation in the market.

IKEA has always adopted a parallel online and offline marketing model to maximize the promotion of its product information and activities. Previous marketing studies have found that advertising, personal promotion, sales promotion and public relations are the most common means for retailers to reach customers. Their advertisements are disseminated through traditional media such as newspapers, magazines, radio, and television [10]. However, this kind of marketing strategy needs to be extremely expensive, and the communication effect may not be able to meet expectations, and it has a high degree of instability. IKEA's marketing strategy is different. IKEA attaches great importance to marketing on the website and can be seen everywhere on the IKEA website to advertise various IKEA events and new products, and use its own website to promote itself, which is a huge cost savings. In addition, IKEA insists on distributing the "IKEA Catalogue", which has become the most cutting-edge product introduction manual in the home furnishing industry and uses the influence of the catalogue to attract a lot of attention for each new product of IKEA. This dual-line marketing model, which uses IKEA's official website online and distributes catalogs offline, has greatly improved the efficiency and effectiveness of IKEA's marketing communication, and has also created a precedent for marketing in the home furnishing industry.

The reasonable layout of offline stores is also a very important point. Most of the offline stores are located in Beijing, Shanghai and other economic center cities, where information exchange is relatively fast and convenient, and the popularity of the IKEA brand will also increase rapidly with the dissemination of information. In addition to this, the interior layout of the IKEA store is also very distinctive. It adopts the means of scene-based layout, classifies and places each furniture according to different use scenarios, and simulates the corresponding scenes in the shopping mall. For example, IKEA puts together a set of bedroom items such as beds and bedside tables and simulates a bedroom scene. This scene-based layout allows customers to think of their home scenes more quickly, reducing the error between imagination and reality, and the way the set is placed also increases the possibility of customers buying the whole set.

IKEA also reflects the advantages of marketing choices in the production of its own website. First of all, the main color of IKEA's official website is single, while the color of the activity part is bright and bright, which makes it easier for the audience to understand the content of IKEA's activities; Secondly, IKEA's official website is also similar to offline, using different home decoration rooms to

classify, according to bedroom supplies, dining room supplies, living room supplies, etc., so that customers with different needs can find the categories of products they need in the first time, and at the same time, it has the function of generating sets with one click, which simplifies the process and difficulty of decoration. Finally, IKEA's official website also provides free home improvement consulting services, how to decorate, what kind of set to use can be consulted on the official website of professional staff, staff will recommend different styles of sets according to different needs, while serving the audience and successfully promote their own products, so as to achieve a win-win situation for customers and merchants.

5. Conclusion

At a time when market competition is gradually becoming fierce, IKEA, as a traditional home furnishing company, can leap forward with excellent marketing choices. IKEA's reasonable control of experiential marketing has enabled IKEA to gain the favor of more consumers. In addition, with the rise and promotion of the Internet, IKEA seized the opportunity as quickly as possible, using the fastness, extensiveness and cheapness of Internet marketing to quickly build its own brand reputation, so that it has a sufficient foothold in the Internet market. While using Internet marketing, IKEA did not give up the offline marketing channel, but with the help of the traffic brought by online marketing, the IKEA catalog that IKEA insisted on distributing had more readings and views, making it the most cutting-edge product introduction manual in the entire home furnishing industry.

IKEA's marketing model should not only have an impact on the home furnishing industry, but also be used by the entire retail market. Today's consumers have higher and higher requirements for the spiritual level of consumer experience such as service, and all retail enterprises should use more diversified ways to improve the purchase experience of consumers and meet the spiritual needs of consumers while improving product quality.

The research on IKEA in this study is based on the 4Ps theory, which has a weak theoretical foundation, and it is difficult to show IKEA's complete marketing strategy through one theory. This study only studied one sample of IKEA, and exploring the future of market development through one sample has limitations. This study ignores the historical development of IKEA and is more limited to the current state of development, which is limited from the perspective of time. The future research will take this as a reference and explore the current situation and future of market development from different points in time through the use of richer theories and more diverse research samples.

Authors Contribution

All the authors contributed equally and their names were listed alphabetical order.

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