# IKEA ENTRY MODES

*In IKEA's history two different modes of entry were used. Both were met with big success and allowed IKEA to enter new markets very easily.*

Strategic management:an integrated approach. Therefore suppliers possess less bargaining power, and can be compelled to meet the terms of IKEA rather than vice versa. Competition law and trade policies are supposed to ensure that a free competitive marketplace exists, with easy entry and exit, not protect existing competitors from new entrants. A consistent global brand promise is a desirable asset but what makes a real difference is to be brave and ready to change the target audience and build a differentiating promise. This money was used to start up his own company, IKEA, which stood for his intials and the first letters of the farm and village in which he grew up. IKEA history. The current approach emphasises on global market coordination to reduce standardisation of activities and acquire both economies of scale and scope. They further have 12 full time in-house designers with 80 free lancers and other production workers to identify the correct raw materials and produce products efficiently and cost effectively. However, the demand for basic, functional furniture has remained relatively constant, therefore there is less threat of substitutes in the near future. It understood that in emerging markets, global brands may not replicate their success using a low-price strategy. The China expansion came at a cost. This was a massive change in strategy, as IKEA was targeting the mass market in other parts of the world. While globally 30 per cent of IKEA's range comes from China, about 65 per cent of the volume sales in the country come from local sourcing. The key feature is that there is extensive customization of product and marketing strategy to match the variation in markets. Local suppliers were banned from providing raw material and furniture to IKEA, and the company was not allowed to showcase its furniture in industry exhibitions. Thus, their prices are significantly lower than its Indian competitors. Kitchen-ware and kitchen areas were another concept developed in this period. Entry into USA was not as successful as entering into European counterparts. IKEA built a number of factories in China and increased local sourcing of materials. Singapore: Hitt, M. This category of customers has relatively higher incomes, is better educated and is more aware of western styles. To protect the resources IKEA had they decided to enter new markets mainly Russia and also with the aim of earning better return. Therefore, they had to emphasize on taking corrective actions. What did IKEA do? Transnational Strategy Since competitive conditions in the market are so intense, some companies need to focus on both cost-leadership and differentiation. What are the strategic capabilities of IKEA? Franchising is a business format with an extensive global recognition. This strategic decision has enabled IKEA to maintain a competitive advantage, and earn above average returns due to leadership in the market. The basis of this report is the international operating company IKEA. IKEA also adjusted its store location strategy. In a later stage, IKEA changed this entry mode as soon as new policies allowed foreign retailers to build wholly owned stores. The case study goes into informing its target market and pricing strategy, which is already discussed. By courage I mean all big corporations are ready to shift production, work with local sources, overcome legal requirements but not too many of them are ready to adapt a brand proposition that suits the level of development the market and consumer perception require. International Marketing Objectives 11 7. IKEA made all necessary adjustments to make sure there was no mismatch in its growth ambitions and brand promise. IKEA aims to reach as many people as possible.