



IKEA - Brief

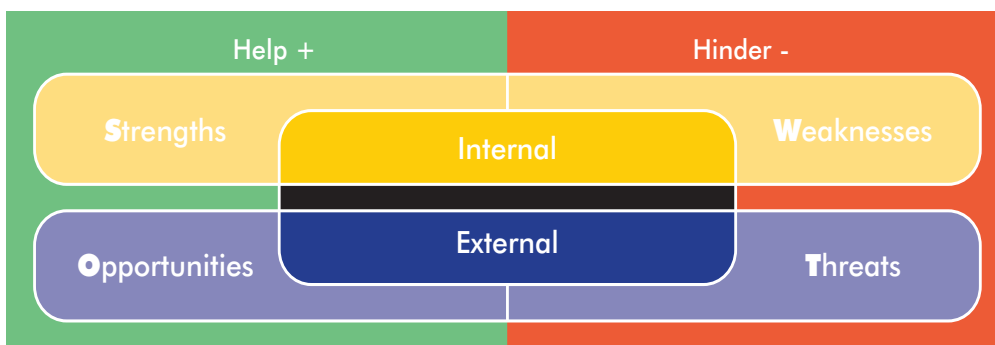
SWOT analysis and sustainable business planning

Introduction

IKEA is a home furnishings retailer. It carries a range of nearly 10,000 products and is well known across the world. IKEA's vision is 'to create a better everyday life for many people'. It achieves this by providing products with good quality, price and design. In the UK, it sells through 18 stores as well as online. It is responding to the public's rising concern for sustainability. IKEA believes being 'green' is good business practice.

SWOT analysis

SWOT is a planning tool that helps firms focus on key issues. IKEA uses SWOT analysis to look at the Strengths, Weaknesses, Opportunities and Threats inside and outside the business. Strengths and weaknesses are internal aspects, such as marketing or production. These can be used or changed by the business. Opportunities and threats are external factors that the business needs to take account of. For example, the business has less control over environmental or social changes. Businesses create opportunities by using their strengths and counter threats by dealing with any weakness.



Strengths

Strengths are aspects of a business that add value to its products or services. IKEA's strengths include:

- a strong global brand
- a clear vision
- strong concept
- 'democratic design' (the equal balance of function, quality, design and price).

IKEA measures its strengths using Key Performance Indicators (KPI). KPIs help it to set targets and see how it is achieving its vision. It also has strengths through its production processes, such as in:

- increased use of renewable materials
- 'smarter' use of raw materials
- long-term partnerships with suppliers
- economies of scale.

Opportunities

A business uses strengths to gain from opportunities. IKEA's opportunities come from linking its sustainability plans to growing demand from customers for:

- greener products
- low prices
- lower water usage and carbon footprint.

IKEA works towards these in many ways, such as by:

- providing tips and ideas for a sustainable home life on its website
- aiming for zero landfill waste, reduced wastewater treatment and less water use
- cutting carbon footprint through less transport and packaging
- showing social responsibility, for example, through its works to support charities.



Weaknesses and threats

A business must know its weaknesses in order to improve and manage them. IKEA needs to consider:

- the size and scale of its business. IKEA's global activities may make it difficult to control standards.
- the demand for low-cost products. The cost needs to be balanced against quality.
- the need to keep the public and IKEA stakeholders well informed about its environmental activities.

Threats can be managed if the business is aware of them. IKEA has put in place a number of practical solutions to turn a threat into an opportunity. These include:

- social trends – it gives tips and ideas to customers and employees on reducing their impact on the environment
- market forces – it makes better use of technology and materials. This reduces costs and benefits the customer and the environment
- economic factors – low prices appeal to IKEA's customers especially in tough financial times.

Conclusion

IKEA is a well-known global brand. To keep doing well it must assess internal and external factors that may affect the business' performance. It takes advantage of opportunities and manages any threats in a positive way. IKEA unites design, low prices and good use of resources. Its products, processes and systems all show a responsible approach to people and the environment. IKEA knows that behaving sustainably is good for customers, the planet and its business.

