

## IKEA - Summary

# SWOT analysis and sustainable business planning

### Introduction

IKEA is an international home furnishing retailer. Its vision is 'to create a better everyday life for many people'. It carries a range of nearly 10,000 products. IKEA has 18 UK stores as well as online ordering through its website. IKEA has responded to the public's rising concern for sustainability. It believes a strong environmental stance is good business practice.

### SWOT analysis

IKEA uses SWOT analysis to help reach its goals of sustainability and environmental design. It is a strategic planning tool to help businesses identify key issues. It looks at the Strengths, Weaknesses, Opportunities and Threats involved in a project. Strengths and weaknesses are internal aspects. They may refer to marketing, finance, manufacturing or the organisation's structure. Opportunities and threats are external aspects. These may come from the environment, the economy, social changes or technological advances. Businesses must create opportunities and counter threats by utilising their strengths and managing weaknesses.

### Strengths

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

- a strong global brand
- clear vision
- strong concept
- 'Democratic design' (which balances function, quality, design and price).

IKEA uses Key Performance Indicators (KPI) to help measure its performance. KPIs show how IKEA is making progress towards its vision. IKEA also has strengths throughout its production process, such as:

- increased use of renewable materials in production
- 'smarter' use of raw materials with less waste
- long-term partnerships with suppliers
- economies of scale

### Opportunities

A business uses its strengths to create opportunities. IKEA is taking advantage of customer demand for more sustainable solutions. For example, there is:

- growing demand for products which do not harm the environment
- continuing demand for low prices
- demand for companies to use less water when making products and reduce their carbon footprint.

IKEA works towards sustainability in numerous areas:

- It provides solutions for a sustainable home life through tips and ideas online.
- It aims for sustainable use of resources. IKEA aims for zero landfill waste and reduced water use.
- It reduces its carbon footprint by cutting down on transport and packaging.
- It develops social responsibility programmes in communities, for example, through its support for charities.



## Weaknesses and threats

IKEA must recognise any potential weaknesses in order to improve and manage them. For example:

- the size and scale of its global business could make it hard to control standards
- low-cost need to be balanced against quality
- IKEA needs to keep its customers and stakeholders informed about its environmental activities.  
The scale of the business makes this difficult.

If businesses are aware of the possibility of external threats, they can plan to counteract them. IKEA addresses these issues and manages weaknesses and threats to create a positive outcome. Threats to IKEA include:

- changing social trends – like fewer first time buyers in the housing market
- market forces – as more competitors offer similar products
- economic factors - with people having less disposable income due to recession.

## Conclusion

IKEA is a thriving global brand. To grow the business, IKEA must assess its external and competitive environment. This will reveal opportunities and threats. IKEA's products, processes and systems all demonstrate responsibility for people and the environment. It combines good design, low prices and economical use of resources. It understands that being sustainable is not just good for customers and the planet, it is also good for business.

