Marketing Strategy Research in the Furniture: Case Study from IKEA

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Abstract: IKEA furniture is assembled like a giant Lego block, and foods such as hot dogs and ice cream cones are both delicious and inexpensive. On the market, there is no comparable store. It is noteworthy that IKEA is the first place that most people think of when they need furniture, but there are no other options available. This raises the research question of why IKEA’s marketing strategy is successful. IKEA’s success can be measured in three ways: the 4ps strategy, experiential marketing, and scene marketing. IKEA’s structure comprises the 4p’s: product, price, promotion, and placement. The success of IKEA’s marketing strategy doesn’t only depend on the 4P theory. In addition, the scene marketing strategy enables individuals to immerse themselves in the scenarios that IKEA creates for its customers, heightening their senses, touching, seeing, and so on. Then, using the experiential marketing strategy, IKEA lets people try out the benefits of its products. As a consequence, IKEA’s sales increased, and it became prosperous. IKEA’s success depends on this marketing. These strategies would not have made IKEA as successful if used alone. These marketing strategies work together to make IKEA profitable.

Keywords: IKEA, Furniture, Marketing Strategy.

1. Introduction

IKEA, founded in 1943 in Amhult, Sweden, is a renowned multinational supplier of furniture and home products \cite{1}. IKEA will have 466 locations in 36 countries by 2022 \cite{2}. Since its founding, it has expanded fast to become the largest furniture manufacturer in the world. Most of IKEA’s furniture is sold in a flat-pack configuration that requires some assembly but is otherwise consistent with the company’s signature Scandinavian design aesthetic. IKEA’s critical competency is utilizing various marketing methods to provide customers with a unique experience. Simultaneously, the corporation is growing its commercial territory at a deliberate but steady rate while preserving the quality of its products. IKEA will, for instance, increase from its current number of 445 stores to 458 stores by 2020 \cite{3}. This indicates that IKEA is extending its reach and expanding its business presence.

Also, IKEA’s growing store count will boost the company’s bottom line. This indicates that, despite IKEA’s modest store expansion, the company’s revenue is continuously and gradually increasing \cite{4}. This article examines how IKEA has gradually become the world’s largest and most successful furniture retailer. This investigation into IKEA’s marketing strategy aims to facilitate the integration of academic understanding with actual business practice. In other words, analyzing IKEA’s performance entails applying theoretical knowledge to real-world analysis and application.
The expansion of IKEA’s retail footprint coincides with the company’s rise in profitability, suggesting the success of its marketing approach. This demonstrates that their marketing plan is being utilized in a highly effective manner. At the same time, based on the investigation indicates that IKEA’s product arrangement and layout are what makes the company’s brick-and-mortar stores stand out. This article will describe the three most essential marketing tactics: 4ps theory, experiential marketing, and scene marketing, as well as simulate and analyze IKEA’s actual marketing strategies. These marketing methods will have a range of repercussions that will cascade down to the customer on various levels. Ultimately, they will become the most crucial factors contributing to IKEA’s success.

The research portion of this paper is broken down into four primary categories. It begins with IKEA’s fundamental characteristics, including product quality, pricing, purchasing methods, and promotions. The 4Ps marketing approach is comprised of these four essential components. The second section of the study is based on IKEA’s experience model, which is the primary focus of the research and analysis. The final section examines IKEA’s retail environments. Finally, IKEA’s marketing efforts are compiled and analyzed from multiple vantage points.

2. Method

This article offers a case study of IKEA. Using 4P theory, experiential marketing, and scene marketing, analyze IKEA’s case study. McCarthy, a professor at the University of Michigan, came up with the 4P theory in the 1960s. He wrote about it in his book ‘Marketing’. He was 32 years old when the idea was proposed, during the thriving postwar US economy when enterprises had just resumed production, consumer spending had been substantially boosted, and the market was in a position of supply less than demand. McCarthy offered the ‘marketing mix’, often referred to as the ‘4Ps’, as a means of translating marketing planning into practice. Marketing mix is not a scientific theory, but merely a conceptual framework that identifies the principal decision making managers make in configuring their offerings to suit consumers’ needs. The tools can be used to develop both long-term strategies and short-term tactical programmes [5]. The 4Ps were the four primary factors of marketing: product, pricing, channel, and promotion. Because the initial letters of these four words are all P, they are known as the 4Ps hypothesis.

On the other hand, experiential marketing can also be described as an ‘experience-based’ marketing model [6]. In work entitled ‘Experience Marketing’, Bernd H. Schmitt defines experiential marketing as a mode of thought. Experience marketing is a new and exciting concept. And it is not only of interest to academics. Marketing practitioners have come to realize that understanding how consumers experience brands and, in turn, how to provide appealing brand experiences for them, is critical for differentiating their offerings in a competitive marketplace. It is a method of thinking, acting, and reacting to the product being promoted to consumers. This way of thinking is called a marketing mindset [6]. This is the case even when the customer experiences feelings like or disliking. Ultimately, the consumer will decide whether or not to purchase.

Additionally, this article will employ scene marketing. It is a marketing environment based on the user experience [7]. Scene marketing refers to the psychological state and needs of the consumer in a particular scenario, and the scenario is a method for evoking a specific psychological state or need in the consumer [7]. Different situations make people feel differently, leading to other reasons for buying. The use of scenario-based marketing in conjunction with experiential marketing is every day. The consumer’s experience will motivate them to act in a given scenario.
3. Marketing Strategy Analysis

3.1. 4P Strategy

The 4Ps of marketing strategy are vital to the success of a business. It is analogous to the basis upon which a brand is established. To maximize the likelihood of success, the 4P plan must be implemented prior to the launch of the brand. When individuals develop and promote a brand, they liken it to building construction; the 4P strategy serves as the structure’s foundation. The building can be aesthetically pleasing and highly effective if the framework is stable. In this study, the structure is IKEA, a more successful example of a furniture retailer. The 4P method employed by IKEA plays a significant part in the overall picture. Product, pricing, place, and promotion are the four sub-components of the 4P strategy.

3.1.1. Product

A product is any good or service that can be supplied to a particular demographic of consumers. In other words, what is the company’s intended selling point? Before deciding which product will be provided to customers, it is necessary to comprehend the product information comprehensively. The product’s intended market, the product’s benefits, and the customer’s demands are all prime examples. How a product is positioned and analyzed can significantly impact whether or not a buyer decides to make a purchase.

IKEA has performed exceptionally well in assessing and positioning its items. First, IKEA will determine their products’ intended market. These target groups cover a broad spectrum; for instance, the products sold by IKEA appeal to customers of varying ages. IKEA’s target demographics include children, adolescents, and middle-aged adults. According to the study, IKEA’s target market consists primarily of middle-class individuals between the ages of 20 and 34 [8]. It is not hard to understand why most of IKEA’s goods adhere to a minimalist design aesthetic. People in their 20s to early 30s who are employed and have fewer needs than youngsters or the elderly can make good candidates for minimalist furnishings [8]. Children’s furniture must be visually appealing and safer than other types of furniture. When shopping at IKEA, parents will find an assortment of unique toys for their kids and kid-sized dinnerware, and other necessities. These eccentric, brightly colored dolls can capture the attention of children. In addition, these dolls are stuffed with cotton to ensure the children’s safety.

Second, IKEA offers a vast selection of items, such as decorations, plants, food, etc. This is crucial since it satisfies several client requirements. For instance, those who feel hungry while shopping at IKEA do not need to leave the store and choose a restaurant. They can just dine in the IKEA restaurant and order IKEA-branded food. It is an exciting phenomenon that IKEA’s location on Google Maps is also referred to as "IKEA (location) - restaurant." A further reality is that when individuals want to create their own new home to select furnishings, they spend more attention on the lovely and minimalist decorations, enhancing their purchase desire. These two instances demonstrate that IKEA’s diversified product offerings earn a double profit since they satisfy the needs of both IKEA and non-furniture-seeking clients.

3.1.2. Price

The price of a product can either boost or decrease the demand for that product. In other words, the pricing of a product cannot be disregarded. When there are two products on the market that are relatively the same, but one of them is significantly more expensive than the other, consumers are forced to choose between the two. Unsurprisingly, buyers select the goods with the lower price. IKEA’s prices are fifty percent less than its rivals [9]. Therefore, shoppers are more inclined to favor IKEA’s products while making a decision. Here is an example where a bed frame is a requirement.
for people when they move to a new home, so the bed frame is compared to the price of IKEA’s competitor, Home Depot, as a product. According to the website, the cost of queen-sized bed frames at Ikea is about 50 percent less than at Home Depot, $399 compared to $199 [10]. Consequently, one of IKEA’s primary selling points is the store’s value for money. People can typically purchase IKEA furniture for approximately half the cost of comparable products supplied by competitors.

### 3.1.3. Placement

The purchasing method of the customer is also a significant factor to consider when figuring out how to best position the goods on the market and how much to charge for them. The buying channel functions as a conduit for product and consumer communication. Specifically, how the product can reach the consumer. There are two distinct sorts of IKEA buying channels: in-store purchases and online orders. The benefit of purchasing in person is physically examining and evaluating the merchandise. Nevertheless, offline shopping can take up much time for busy folks. The second is through IKEA’s official website, which can be accessed using a computer browser and shopped through a keyword search. Online buying has the advantage of being more time-efficient than traditional shopping. People only need to search for the goods they require and then utilize the keywords to obtain what they desire. However, when making an online purchase, a customer cannot physically inspect the products before purchase, making it difficult to make an informed decision. IKEA takes into account the many means through which individuals gain access to things, and as a result, the company provides customers with two distinct avenues for doing so.

### 3.1.4. Promotion

Promotion is a means; it’s all about how you promote your product, get more people to know about it, and cultivate long-term client loyalty. Off White is a clothing company. However, it was acquired by LVMH Mot Hennessy Louis Vuitton in July 2021 with 60% of the shares, and founder Virgil Abloh was after that the creative director of Louis Vuitton menswear, keeping the remaining 40% [11]. Therefore, if individuals are ardent admirers of Louis Vuitton, they will undoubtedly be drawn to the IKEA and off-white co-branded things. In this way, IKEA becomes increasingly well-known, and Louis Vuitton’s most devoted customers will also become IKEA’s most dedicated customers.

Also, discount promotions impress buyers and increase their desire to purchase the product [12]. According to a study by retail research firm first insight, 45 percent of U.S. women will approach a store when a price drop of 41 percent or more is observed [13]. IKEA has been able to attract more customers by co-branding a popular product with off-white [14]. IKEA started a 50% discount promotion in 2022, enhancing consumer desire to purchase IKEA products and fostering brand loyalty [15]. Thus, discount activity and co-branding are the two methods to help products be known by more individuals and build customer loyalty.

### 3.2. Experiential Marketing

Experiential marketing is a collection of strategies designed to stimulate and engage a customer’s senses, such as seeing, hearing, using, and participating, so the customer can form associations and emotions [16]. Last but not least, the emotional reaction is transferred to the brand, resulting in a powerful emotional connection between the consumer and the business. A marketing strategy, in other words, encourages customers to become more involved with the products and services offered by a brand and reap the benefits of the product itself [17].

Customers might observe that the products are not arranged in such a way that allows them to compare prices and make a selection easily. Instead, the environment in which the products are intended to be used is recreated and simulated in a contained space. Consequently, customers will
feel more comfortable and belonging while shopping at IKEA. Customers can choose to buy furniture based on the designer’s idea for the small room or just the furniture they like in the room. In addition to being able to touch and feel the products, IKEA promotes a hands-on experience. This supports the experiential marketing theory, which states that when people initially experience the benefits of a product through their senses, their desire to continue to own it increases. Because of this, customers are more likely to remain loyal to the brand and enjoy its products. This is consistent with the experiential marketing theory, which states that when consumers initially experience the benefits of a product through their senses, their desire to continue to own it grows. After this, there is a greater possibility that consumers will continue to be loyal to the brand and enjoy the products it offers.

At the same time, IKEA has an association with LEGO. Fans of Lego can be found nearly everywhere in the world. Individuals are engrossed in the process of Lego construction because it brings them happiness and joy. This is the reason why Lego is so appealing to so many individuals. This is something you can find at IKEA. Customers can self-assemble purchased furniture by following the included instructions. This is for LEGO fans who can associate it with their favorite pastime, enabling customers to experience the delight of large-scale LEGO. IKEA develops a relationship and emotional bond with LEGO by allowing customers to assemble furniture. As a direct consequence of this emotional reaction, the devotion of IKEA’s clientele to the company continues to flourish. This contributes to an increase in the number of IKEA customers.

Consequently, when national disposable income increases, individuals seek quality and ‘wants’ rather than ‘needs.’ In other words, materialistic things no longer satisfy individuals; they seek spiritual satisfaction. On the other hand, customers are becoming increasingly focused on the quality of their experience. Because of this, IKEA’s experiential marketing strategy helps the company achieve success and maintain customer loyalty over time.

3.3. Scene Marketing

Utilizing an appropriate environment within the advertising and promotional materials is known as "scene marketing." [18] In terms that are more understandable to the average person, this entails putting a single item in the right setting [18]. This completely submerges the customer in the situation and adds to the depth of feeling that they feel as a result. This ultimately leads to a brisk sale of the product [19].

As was demonstrated in the earlier illustrations, the products sold at IKEA are not organized into categories that allow customers to compare costs and make purchasing decisions easier. In its place, a confined space serves as the setting for the recreation and creation of various usage scenarios involving the products. Much of IKEA’s promotional budget is spent on designers who create dream rooms and decorate them using existing IKEA products. Thus, individuals have a general understanding of their dream room. In other words, multiple IKEA furniture pieces are put in a small room. When IKEA permits consumers to fantasize about their space, it increases the likelihood of purchasing the product. IKEA fully submerges consumers in these designed small rooms, allowing them to connect with what it is like to be at home [19]. People will remember the designer’s imaginative small rooms and IKEA products. They will associate their future dream spaces with IKEA due to the design of the settings. It increases the popularity of IKEA products. Customers will identify with their future accommodations with IKEA. In simple terms, IKEA is equal to customers’ dream rooms.

Another illustration is the IKEA food corner, a unique feature for a furniture-only business that is often featured in shopping malls and serves to supply food for customers. However, IKEA’s marketing strategy focuses on making customers feel welcome and "convey a sense of oneness to the customer." Therefore, when individuals shop at IKEA, the food section creates a setting they associate with themselves. People have mental images of resting areas in the shopping center, food offerings,
3.4. Marketing Strategies are all complementary

Experiential marketing, scene marketing, and 4PS are all complimentary. When these marketing methods are employed in isolation, the overall outcome will be far less profitable. This indicates that IKEA will not be as successful as it once was. A company’s success is essential to only a clear grasp of where the product is, who the target client is, how to buy it, and how to offer it better. This is the 4Ps marketing strategy. Only then will the corporation be able to implement the other marketing methods. The introduction of scenario marketing and experiential marketing has distinguished IKEA by placing a piece of furniture in a proper context for the buyer to experience, allowing them to choose in the scenario. However, if only experiential marketing strategies are employed and scenario-based marketing strategies are disregarded, the marketing campaign will not be successful. Customers cannot maximize their sensory experience and are consequently less likely to purchase IKEA products. In the same vein, if IKEA opts for a scene marketing strategy but overlooks the importance of experiential marketing. The customer is left with an image of IKEA products but cannot use them in practice. Besides this, it will result in a decline in IKEA product sales. Therefore, the 4P marketing strategy is the fundamental form for all businesses; if individuals wish to promote their brands, they must employ additional marketing strategies and combine them to ensure the success of their brand, like IKEA.

4. Conclusion

This article will be a case study of IKEA and why the company is more profitable than other furniture retailers. IKEA is considering the implementation of the 4Ps, experiential marketing, and scene marketing. The 4 Ps (product, price, promotion, and placement) are the foundation of the business. IKEA has a comprehensive understanding of its products, as evidenced by the fact that it identifies its products’ target markets. Moreover, IKEA offers a wide variety of products, including furniture, decorative items, and food. Second, IKEA takes the pricing of its products extremely seriously, as it determines what customers want. IKEA’s prices, however, are reasonable. Simultaneously, the customer can determine where the products are located.

Simply put, it means to shop. IKEA offers both online and in-store shopping options. Finally, IKEA must also consider methods for selling its products quickly. One is co-branding with off-white products, while the other is maintaining a long-term customer relationship.

Experiential marketing is a marketing strategy that encourages customers to become more engaged with a brand’s products and services and to derive more value from them. IKEA likewise employs this marketing strategy. If a customer buys some furniture, they can put it together according to the directions. Lastly, IKEA uses scene marketing, which, in layman’s terms, entails placing individual products in the most suitable scenarios. This immerses the customer in the context and enriches their emotional experience.

Consequently, product sales accelerate. At IKEA, products are not grouped in a way that facilitates price comparison and decision-making. Instead, scenarios utilizing the products are replicated and created in a small room. IKEA is focused on the customer, and its products are designed in a way that evokes memories of people’s living spaces, increasing the likelihood that they will purchase one of the company’s wares. IKEA’s success results from a combination of strategies that would not have
been as effective. IKEA from the perspective of the customer. These strategies would not have made IKEA as successful if used separately, but they work together to increase profits.

Nonetheless, this article has some limitations. To begin, the vast majority of the offline research for this article was carried out in Canada. IKEA has physical stores in 36 countries; if only Canadian IKEA stores were used for the investigation, the final case study would be inaccurate. Using a single IKEA store as the research subject and then analyzing the marketing strategy across all IKEA stores. This would be a cruel way to ignore IKEA's marketing strategies in other countries. In future studies, researchers should examine IKEA stores in various countries and evaluate the company’s marketing strategies. This would make the results from the case studies more accurate.

References


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