

Digital Marketing Plan

For IKEA Home Furnishing



Introduction

About the company

- ▶ Swedish furniture giant IKEA was founded by entrepreneur Ingvar Kamprad in 1943. He began by selling pens, wallets and watches by going door to door to his customers. When he started selling his low-priced furniture, his rivals did everything to stop him. IKEA is known globally for its low prices and innovatively designed furniture

About the presentation

- ▶ This presentation looks into how IKEA can enter the Sri Lanka market and what strategies it needs to implement together with the new marketing plan.

Market Entry Modes and Strategies

- ▶ Export
- ▶ Licensing
- ▶ Franchising
- ▶ Contract Manufacturing
- ▶ Joint Venture



Barriers of the Internationalization Process

General market risks

- ▶ Comparative market distance (Between different cities);
- ▶ Competition from other firms in Sri Lanka;
- ▶ Differences in product usage in Sri Lanka;
- ▶ Language and cultural differences;
- ▶ Difficulties in finding the right distributor in Sri Lanka;
- ▶ Differences in product specifications in Sri Lanka;
- ▶ Complexity of shipping services to Sri Lankan consumers

Commercial risks

- ▶ Exchange rate fluctuations when contracts are made in Sri Lankan currency;
- ▶ Failure of Sri Lankan customers to pay due to contract dispute, bankruptcy, refusal to accept the product or fraud;
- ▶ Delays and/or damage in the export shipment and distribution processes in Sri Lanka;
- ▶ Difficulties in obtaining export financing from Sri Lankan authorities.

Digital Marketing Plan

SOSTAC Framework

Situational Analysis

- ▶ **SWOT Analysis** - IKEA's Strengths, weaknesses, opportunities and threats of entering the Sri Lankan market
- ▶ **PESTEL analysis** - The political, economical, social, technological, environmental and legal factors affecting IKEA operations in Sri Lanka

Objectives

- ▶ To offer a wide range of home furnishing items of good design and function, excellent quality and durability, at prices so low that the majority of people can afford to buy them. This objective kind of give IKEA employers and employees the sense of growing direction.

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SOSTAC Framework

IKEA strategies

- Self-assembly feature cuts operational & transportation cost
- Concentrate on individual marketing rather than mass marketing
- Limited warranty and service model after that
- Opening small retail store and segmented marketing
- Diversity in business
- Country specific management style
- Standardized retailer selection
- Financial stability, independence and flexibility

IKEA tactics

- lower prices by 2.6% for the Sri Lankan customers
- expand with the opening of 7 new stores in different cities around the country
- invest EUR 40 million in solar panels and renewable installations in new-built stores to be energy efficient and to reduce the operating costs.
- dealing with competition from China and India to make sure that better products are given to the Sri Lankan market and to avoid any conflicts between the different markets.

Ethical aspect of the plan

- ▶ Product Safety Considerations
- ▶ Deceptive Advertising Strategies
- ▶ Market Manipulation Attempts
- ▶ Unethical and Illegal Pricing
- ▶ Customer Privacy Concerns

ETHICAL ISSUES IN MARKETING

1. Issues related to Market research
2. Issues related to Target Customers and Market
3. Issues related to Pricing
4. Issues related to Advertising and Promotion
5. Issues related to data Collection and Privacy
6. Issues related to Distribution
7. Anti-competitive Practices

Conclusion

Summarizing IKEA marketing entry strategy in Sri Lanka is that the expansions and internationalization of IKEA in Sri Lankan market is a gradual process with the continually accumulating market knowledge and experience, and then to make the appropriate market commitment. And this gradual process not only reflects on the aspect of the change of market commitment on Sri Lankan market, but also reflects of the market selection of IKEA in Sri Lanka.

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