



Distinctive Value Chain

Most managers think about strategy in terms of which customers' needs they are meeting. It's less intuitive to think about distinctive ways to satisfy those needs.

A unique value proposition will not translate into a meaningful strategy unless the best set of activities to deliver it is different from the activities performed by rivals. If that were not the case, every competitor could meet those same needs, and there would be nothing unique or valuable about the positioning.

Insight into customers' needs is important, but it's not enough. The essence of strategy and competitive advantage lies in the *activities*, in choosing to *perform activities differently* or to *perform different activities* from those of rivals. Successful companies like IKEA have done just that, tailoring their value chains to their value propositions.

MORE ABOUT THE VALUE CHAIN



Strategic Positioning

IKEA, Sweden



VALUE PROPOSITION

- A wide line of good quality, stylish, and functional furniture and accessories sold with limited customer service
- Very low price points

DISTINCTIVE ACTIVITIES

- Wide range of styles which are displayed in huge warehouse stores with large on-site inventories
- Modular, ready-to-assemble, easy to ship furniture designs
- In-house design for all products
- IKEA designer names attached to related products to inform coordinated purchases
- Self-selection by the customer, and minimal in-store service
- Extensive customer information in the form of catalogs, mobile app, website, explanatory ticketing, do-it-yourself videos, online planning tools, and assembly instructions
- Suburban locations with large parking lots
- Long hours of operation
- On-site, low-cost restaurants
- Child care provided in the store
- Self-delivery by most customers



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