1. ***Choose a company and construct a business model canvas for that company.***

IKEA is one of the world's most successful companies. It is one of Forbes' Top 50 Most Valuable Brands in the World.

Ikea's success is largely due to its forward-thinking strategy and the establishment of a well-organized global network, from production to distribution.

Ikea's business plan is to "provide a diverse range of well-designed, functional home furnishings at prices so low that as many people as possible will be able to afford them."

Diagram

Description automatically generated with medium confidence

**Value proposition and customer segment :**

IKEA's value proposition is that it provides a wide range of reasonably priced, functional furniture and home goods that are minimalist styled. The company's emphasis on utility and cost has helped it attract a diverse customer base, ranging from young professionals and budget-conscious individuals to families attempting to decorate their homes on a tight budget.

In addition, IKEA helps customers save more through their self-service strategy, which requires customers to assemble furniture’s by themselves, aiding in cost savings both for Ikea as well as the customers.

According Statista's 2021 survey, about 70% of US adults had shopped at IKEA at some point in their life, and the top most reasons for shopping there were cost (73%) and quality (57%). With over $21.1 billion brand value in 2021, IKEA stands as the 7th most valuable retail brand in the world.

According to a 2020 survey by IKEA, below are Ikea's top customer segments

1. Young adults (ages 18-29)
2. Families with children.

**Channels :**

To connect to these customer segments, Ikea uses a wide range of channels, not limited to physical stores, IKEA website, Social media, Catalogue .The company also has its own Ikea store app, which helps customers to browse and purchase products, as well as visualize products in their homes.

**Customer relationship :**

IKEA caters to a wide range of customers with a variety of features and services. IKEA Family, the company's loyalty program, provides members with discounts and privileges, and assembly and delivery services make it convenient for individuals who would rather have their furniture assembled for them. Customers may also take advantage of the Smaland play area for their children and restaurant services, and IKEA's self-service strategy while affordable prices enable it control costs and pass savings on to its customers. IKEA has grown to be a popular option for customers looking for practical and fashionable furniture and home goods because to its basic design and strong brand recognition.

**Key resources :**

IKEA's physical stores, lifting devices, tools, technology, intellectual property, staff, employees, vehicles, and physical sites are some of its most important resources. With over 433 outlets in 52 countries, the company employs over 217,000 people globally. With a revenue of 39.6 billion euros in 2020, making it one of the largest furniture retailers in the world. Currently, 60 percent of the IKEA range is based on renewable materials, while nearly 10 percent contain recycled materials.

**Key activities :**

IKEA's key functions include R&D, design, manufacturing, logistics, sales, marketing, repair services, and global operations. To create functional and stylish products at reasonable prices, the company invests heavily in R&D and design. IKEA's highly efficient manufacturing process helps them manage costs. With its strong logistics and supply chain network, Ikea delivers products to customers all over the world quickly and efficiently. IKEA organises marketing campaigns stressing the quality and affordability of their products. Company provides customers with repair services, which helps to extend the life of their products and reduce waste.

**Key partners :**

IKEA's key partners include suppliers and vendors who provide raw materials and components for the manufacturing process. IKEA has strategic alliances with organizations such as Philips, UNICEF, and WWF to promote sustainable practices and social responsibility. IKEA collaborates with wood harvesters to ensure the responsible sourcing of wood and forest products. IKEA collaborates with designers on design projects to develop new products . The company also collaborates with delivery and shipping companies to optimise delivery efficiency and on-time delivery

**Revenue :**

IKEA's primary revenue is through the sale of furniture and accessories via its physical stores, website, and catalogue. Furthermore, the company earns money from franchise fees charged to franchisees who run IKEA stores all over the world. Fees for assembly and delivery also contribute to the company's revenue.

**Cost :**

IKEA's cost structure raw material costs, transportation costs, energy costs, labor costs, advertising costs, marketing costs, distribution costs, and staff costs. These expenses are related to raw materials sourcing, the manufacturing and operation of IKEA's facilities, product promotion, logistics management, and employee-related expenses.

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