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IKEA INDIA: EXPANDING TO SUCCESS[[1]](#endnote-1)

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IKEA India, a subsidiary of Swedish home furnishing retail company the IKEA Group, had been present in India since 1975.[[2]](#endnote-2) IKEA India worked with 48 suppliers, employing more than 45,000 direct employees and approximately 400,000 other workers in its extended supply chain in India.[[3]](#endnote-3) In 2012, the company received foreign direct investment approval from the government of India to set up retail operations in the country. With the approvals in place, the IKEA Group focused on starting retail operations under the leadership of [Juvencio Maeztu](http://www.livemint.com/Search/Link/Keyword/Juvencio%20Maeztu), the chief executive officer of IKEA India.[[4]](#endnote-4) The company sourced products valued at US$387.50[[5]](#endnote-5) million every year, and aimed to double that amount by 2020 to meet its global and Indian needs.[[6]](#endnote-6) It planned to open several stores across India by 2025, looking for the right locations, at the right price, with easy access to public transport. [[7]](#endnote-7)

IKEA India began by opening an experience centre[[8]](#endnote-8) in Hyderabad in November 2017.[[9]](#endnote-9) However, in May 2017, Maeztu was facing a dilemma about the future success of his business in the Indian market, as major retailers globally were going bankrupt. Also, he was overwhelmed by the sheer size of the country, its complexity, and its diversity. He wondered if his European roots would stand in the way of the IKEA Group’s expansion plans in India.[[10]](#endnote-10) Maeztu was also mindful of the global brand value of IKEA ($11.77 billion and listed in the 46th position of the Forbes list in terms of brand value) and the global revenue of around $40.19 billion in 2015. It was not going to be an easy task to extend a successful global brand in the Indian market.[[11]](#endnote-11) Maeztu was resolved to create the right policy framework and figure out a sourcing strategy for determining the appropriate pricing and supply chain. Given his limited experience in dealing with a complex market like India, how was he going to reach his goals and fulfill the Indian expansion for the IKEA Group?

BACKGROUND

Headquartered in Delft, Netherlands, the IKEA Group was founded by Ingvar Kamprad in 1943 in Småland in southern Sweden.[[12]](#endnote-12) The word IKEA was a combination of the founder’s initials (I. K.) and the farm (Elmtaryd) and village (Agunnaryd) where he grew up.[[13]](#endnote-13) The company originally sold pens, wallets, picture frames, table runners, watches, jewellery, and nylon stockings, and it introduced furniture into the product range in 1948.[[14]](#endnote-14)

In 2017, under the leadership of Peter Agnefjäll, chief executive officer, and Jesper Brodin, managing director, the IKEA Group had 415 stores across 49 countries and employed more than 194,000 co-workers globally.[[15]](#endnote-15) The IKEA Group stores had 716 million visitors in 2014, and a $35.32-billion sales turnover.[[16]](#endnote-16) It had a sales turnover of $44.53 billion globally for the period September 2015 to August 2016 (see Exhibit 1). The product portfolio of different functional product categories included outdoor furniture; baby and children’s products; dining; bathroom storage; desks; mirrors; beds and mattresses; chairs; cooking; clothes storage; decoration; leisure and safety products; kitchen cabinets and appliances; lighting; small storage; sofas and armchairs; storage furniture; Swedish food; tables; textiles and rugs; tools and hardware; television and media furniture; and wireless charging (see Exhibit 2). The company was committed to responsible sourcing, and focused on developing supplier relationships in India to produce more—not only for India but also for the IKEA Group worldwide.[[17]](#endnote-17)

Vision and Mission

The IKEA Group was a value-driven company with a passion for life at home. The IKEA Group vision was “To create a better everyday life for the many people.”[[18]](#endnote-18) The business idea was to make available an array of functional home furnishing products at affordable prices for the masses. “Democratic Design” was the IKEA Group view, which included form, function, sustainability, quality, and low price.[[19]](#endnote-19)

Values and Culture

The IKEA Group’s culture reflected its Swedish roots, which embodied hard work, humility, helping the community, and being close to nature. The IKEA Group described its key values as togetherness; caring for people and planet; cost-consciousness; simplicity; renew and improve; different with a meaning; give and take responsibility; and lead by example. This culture united more than 190,000 people—including employees, workers, and stakeholders—to achieve the company vision. Kamprad believed that maintaining a strong IKEA culture was one of the most crucial factors in the continued success of the IKEA concept.[[20]](#endnote-20)

IKEA India offered almost 1,000 products for every Indian home at a price less than $3.02. Most Indian households could not afford the beautifully designed home furnishings because of their higher prices. The company employed men and women in equal proportion in its stores in India, at all levels and positions.[[21]](#endnote-21) It offered both Indian and Swedish cuisine at its Hyderabad store restaurant, and a seating capacity of 1,000.[[22]](#endnote-22)

The IKEA Group and IKEA India focused on cost leadership. To offer low-cost products, the company started sourcing products—namely, mattresses and sofas—from local suppliers, to bring down production costs.[[23]](#endnote-23)

IKEA Foundation, a philanthropic arm of INGKA Foundation, the owner of the IKEA Group of companies, initiated community projects and Save the Children in India. The foundation affected 100 million children in India. As part of the Women Economic Empowerment agenda, the foundation became involved in a skill-building project for one million women in India—to help them unlock their potential, participate in the economy, and achieve financial independence. It also started building relationships with social entrepreneurs for training and sharing knowledge of product design, production, marketing, export, and so on.[[24]](#endnote-24)

Logo Evolution

The most important visual elements of the IKEA concept were the IKEA logo and the IKEA wordmark. The company changed the logo slightly from its inception in 1943, and the design of the 1967 logo remained a consistent symbol of the business until 1983. Beginning in 1983, IKEA used the blue and yellow logo and emerged as the world’s strongest ready-to-assemble furniture and homeware brand.[[25]](#endnote-25)

**CONCEPT CENTER**

The IKEA Concept Center, more than 30,000 square metresin size, was a fully functional store in the city of Delft in the Netherlands that opened in 1992. It employed 830 workers and greeted 3.2 million visitors annually. It was designed to provide retailers with product knowledge, updates, and benefits about the IKEA concept, along with an experience of shopping, learning, testing, and support in a hands-on environment. Kamprad believed that the floor was where the learning happened, be it in the store or in the factory. It was home to specialists for the development of ideas and solutions in co-operation with IKEA retailers. Moreover, IKEA Delft offered online shopping to consumers, driving the company products and offers.[[26]](#endnote-26)

**FRANCHISES**

The IKEA Group sold to consumers through its worldwide stores, the IKEA catalogue, and its website and apps, bringing home solutions to millions of people around the world (see Exhibit 3).[[27]](#endnote-27) The IKEA Group stores were owned and operated globally by 12 different groups of companies under franchise agreements with Inter IKEA Systems B.V. (see Exhibit 4).

**PIONEER IN PRODUCTION**

The IKEA Group maintained strong supplier and manufacturer relationships to develop efficient, cost-effective, and creative products, as well as smart product design, packaging, and distribution.[[28]](#endnote-28) Sandeep Sanan, business development manager for IKEA South Asia, shared that IKEA’s average time working with suppliers on a global level in 2017 was 12 years. It worked at skill development and technology transfers, and provided any support to ensure that suppliers stayed long term with the IKEA Group.[[29]](#endnote-29)

The company had around 1,000 suppliers in 53 countries. It had implemented a supplier code of conduct, “The IKEA Way (IWAY),” to maintain uniformity among franchisees and suppliers, and to protect working conditions.[[30]](#endnote-30) It ensured good working conditions such as health and safety for workers on the factory floor, minimum salaries, and good working hours. It also provided bank accounts and an automated teller machine card for workers.[[31]](#endnote-31)

The IKEA Group selected small- and large-scale suppliers from across the world that aspired to grow with the company. In addition, it supported entrepreneurs in developing countries by providing technical knowledge and financial assistance. It delivered more than 50 per cent of finished products directly from suppliers to retail stores. The raw materials used in the production of goods included bamboo, wood plastic composite, water hyacinth, wood, flax and linen, better cotton, and recycled polyethylene terephthalate plastic.[[32]](#endnote-32)

The IKEA Group was focused on identifying state-of-the-art techniques to create low-priced products. Its developers and designers, in partnership with a diverse team of technicians, manufacturers, and specialists, worked on the factory floor to make design processes unique. The company tested raw materials and products in the product development phase in the IKEA test laboratory—situated in Sweden and China—to maintain quality, and to train employees and suppliers.[[33]](#endnote-33)

**NEW APPROACH IN BUSINESS**

The IKEA Group started creating partnerships with social entrepreneurs across the world in 2012, to design and produce handmade, limited-edition collections to sell in select stores in Austria, Switzerland, and Sweden. The company collaborated with Rangsutra, Swaayam Kala, and Industree Producer Transform in India. These foundations worked to provide a better quality of life in rural India. Their method was to gather thousands of artisans into small production co-operatives.[[34]](#endnote-34)

**IKEA INDIA STRATEGY**

Present in India since 1975, the IKEA Group was finally allowed by the government of India to open a retail store under the single-brand retail foreign direct investment policy in 2012.[[35]](#endnote-35) IKEA India employed 135 people in 2016, and the number was consistently growing. It sourced materials such as textiles, plastics, and metals from India. Henrik Gunnerling, purchase development manager of IKEA Range & Supply, stated in 2017 that they were looking at different materials such as mango wood, rubber wood, neem wood, and bamboo, as these were optimal materials for furniture in India. The company planned to double its product sourcing from India to $738.37 million from the existing base of $391.25 million by 2020, complying with the 30-per-cent local purchase norms as the IKEA Group made its commercial debut in the Indian economy.[[36]](#endnote-36)

Sanan, business development manager for IKEA South Asia, noted:

We have a very good textile supplier base in India, companies that have global standards and [that] have been exporting out of India. In [the] furniture industry, it has not been the same case. There are very few companies that have set-ups that include modern technology and machinery. The challenging part has been to find the right supplier[s] that meet our standards or even have the right mindset to attain those standards that are people friendly and environmentally friendly.[[37]](#endnote-37)

IKEA India had 48 suppliers in product segments such as textiles, mattresses, and kitchen accessories.[[38]](#endnote-38)

Sanan stated that IKEA India was looking for new suppliers, and would give them assistance to grow their business. The company had been increasing/adding suppliers to existing categories such as textiles, rugs, and home furnishings—including furniture and mattresses. It was grooming suppliers for categories such as metals, plastics, and lighting. Of the items IKEA Group sourced from India, 70 per cent were textiles and 30 per cent were items such as sofas, mattresses, and kitchen accessories. The IKEA Group also considered sourcing different kinds of wood for its furniture—sustainable materials such as bamboo and acacia.[[39]](#endnote-39)

Maeztu announced that the company would be offering products across the price ladder in all furniture categories. Moreover, IKEA India planned to open a retail store in India by 2018.[[40]](#endnote-40) The company planned to start retail operations in several Indian cities, namely Hyderabad, Bangalore, Delhi, Chennai, Kolkata, Pune, and Mumbai, at an investment of over $1.51 billion, by the end of 2025.[[41]](#endnote-41)

Market Research

The size of the Indian retail market was $603 billion. The home furniture industry alone was estimated to be worth more than $20.11 billion. To understand people’s needs and wants in the furniture category, Maeztu and his team conducted a market research study in Hyderabad, visiting more than 500 homes. The objective was to learn about the changing preferences of consumers. The research team entered households; interacted with the families in their kitchens, bedrooms, and washrooms; and then asked them what they would like to change. The team gained interesting insights into the Indian market and found out that, in the majority of cases, an Indian customer buys furniture for a lifetime. In India, furniture is just like gold and silver—people consider it an investment. Another research find was that local retailers did not see IKEA India as a threat. Instead, they saw the overall market for furniture expand as competition intensified.[[42]](#endnote-42)

**COMPETITION IN THE INDIAN MARKET**

The Indian home and office furniture market consisted of unorganized (70 per cent) and organized (30 per cent) retailers, with an estimated value of $1.54 billion.[[43]](#endnote-43) In addition, the $385.09-million modular kitchen market included the organized sector (20–25 per cent of the market) and imported brands (10 per cent of the market).[[44]](#endnote-44) India-based furniture brand Godrej Interio claimed a 15–20-per-cent share of the organized furniture market, including both the home and institutional segments in India.[[45]](#endnote-45)

Some of the other major competitors in the Indian organized furniture market included BP Ergo Limited, Featherlite Furniture, Haworth India Private Limited, Forte Furniture Products India Private Limited (Style Spa Furniture), Yantra Furniture and Accessories Private Limited, Renaissance Furniture Private Limited, Durian Industries, Praxis Home Retail Limited (Home Town, a Future Group Company), Nobilia (Germany), Hettich Holding GmbH & Co. oHG (Germany), Sleek International Private Limited (Asian Paints Subsidiary Company), and HomeCentre Private Limited (a Landmark Group company).[[46]](#endnote-46) Rajat Wahi, management consulting partner at KPMG India, said, “IKEA Group’s entry into India will further expand the category and will lead to more national and international brands entering the category, which is currently very unorganized with lots of regional/local players producing bespoke solutions.”[[47]](#endnote-47)

**IKEA GROUP’S INDIAN TARGET**

In 2013, Marie Lundstrӧm, an IKEA Group design executive, conducted a survey in India to understand the Indian customer’s preferences, mindset, and aesthetic. IKEA India key customer segments in India included brand-conscious and fun-loving young customers and middle-class customers.[[48]](#endnote-48) The target market also included young software engineers (who lived in small apartments and loved modular easy-to-carry furniture); students (who looked for low-cost functional designs with a resale value, such as compact study tables); and newly married couples.[[49]](#endnote-49)

India was a country of more than 1.21 billion people (according to the 2011 census) with different cultural and ethnic backgrounds.[[50]](#endnote-50) People’s tastes and preferences varied from one place to another. Looking at the diverse group of consumers, Maeztu followed a completely different strategy in the Indian market.

To penetrate the Indian market, IKEA India spent time in the field, talking to Indian consumers; visiting their homes; and understanding their behaviour, cultural roots, tastes, aspirations, buying behaviour, and rhythm of life. In 2013, Lundström visited 150 families across India to get to know consumer preferences.[[51]](#endnote-51) IKEA India focused on the Indian aesthetic and requirements in order to design its store layout, product mix, and customized offerings according to Indian consumers’ need.[[52]](#endnote-52) Lundström explored characteristics of Indian customers such as their love of colour, how their lives centred around the sofa—watching television while eating—and how they were not big fans of the “do it” culture. IKEA India spent three years just learning about its consumers—their cultural roots, tastes, aspirations, and buying behaviour at IKEA.[[53]](#endnote-53)

IKEA Group’s products were pre-assembled and delivered in flat packs as part of the do-it-yourself concept. However, Indian consumers outsourced the job of assembly due to the availability of cheap labour. As a result, IKEA India decided to offer an “assemble-on-premises and ship the next day option” to Indian customers, charging a small premium.[[54]](#endnote-54)

Traditional Indian homes had wooden furniture that was carved or ornate, dark, and heavy-wrought. Moreover, online retailers such as Furlenco, Pepperfry, and Urban Ladder offered furniture for rent or for purchase online in metro cities. Therefore, IKEA had to ensure it offered budget-friendly, futuristic, functional, stylish, and custom-made furniture for young Indian consumers.[[55]](#endnote-55)

**Indian people were different from Swedes, Germans, and French in terms of their behaviour, food habits, and recreation. For example, as** Lundström found, **in India people** invited their families, friends, and relatives to their homes for meals and ate on the sofa; children did their homework on the sofa; people rested on the sofa; and families ate in the living room or dining room together, watching television. As a result, IKEA India decided to modify its standard design to make inflatable couches and sofa beds to fulfill consumers’ needs. In addition, it planned to integrate colour and bold patterns into its product portfolio to satisfy Indian consumers.[[56]](#endnote-56)

IKEA India planned to display over 9,600 home furnishing products in India, laid out in bedrooms, kitchens, living rooms, and spaces customized for both larger and smaller apartments. In addition to the Klippan sofa, Poäng chair, and Lack side tables, the company offered customized products to Indian customers. IKEA India planned to stock eco-friendly products made out of jute, banana fibre, bamboo, and cotton.[[57]](#endnote-57)

IKEA India had to ensure it addressed the problems of Indian consumers related to product availability, timely delivery, display of all types of furniture in its stores, and customer service. IKEA India adopted an omni-channel approach, allowing customers to shop both offline and online.[[58]](#endnote-58)

**PRODUCT MIX AND PRICING IN THE INDIAN MARKET**

IKEA India included a range of products from international bestsellers, such as the expandable Billy bookcase and stoneware Fargrik coffee mug. It also included products specially made for India, such as pressure cookers, idli makers, roti tawas, chakla-belans (rolling pins used to make rotis), spice boxes, and spice utensils.[[59]](#endnote-59) As of 2016, the company had given its products to more than 15 households in Mumbai, Bangalore, and Delhi for a test run to understand the customers and the suitability of IKEA products. Chosen households were based on different income groups and family units. The IKEA India team would spend a day or more observing how these people lived. This gave the team ideas about what was missing in the product range. For instance, IKEA India did not have the tawa in its range or the rolling pin used to make rotis. The house visits helped the company identify the need for these everyday products.[[60]](#endnote-60)

IKEA India focused on low price using the global cost leadership pricing strategy in the market, based on its vision statement.[[61]](#endnote-61) Low product pricing was possible through the use of smart design and low-weight construction.[[62]](#endnote-62) The company planned to set its product retail price in India lower than 30–50 per cent of its rivals based on a survey of competitor pricing.[[63]](#endnote-63)

**FUTURE OUTLOOK**

IKEA India planned to open two stores, in Hyderabad and Navi Mumbai (in Maharashtra), in 2018, and to set up a distribution centre in Pune.[[64]](#endnote-64) The company also planned to set up 25 stores in India by 2025 at an investment of $1.62 billion.[[65]](#endnote-65) The company planned to increase its staff members from 300 to 900 members in India and offer in-store service to appeal to Indian customers.[[66]](#endnote-66) Maeztu wondered if this objective could be achieved—or if it was too ambitious.

**EXHIBIT 1: IKEA RETAILING FACTS AND FIGURES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** |
| IKEA stores worldwide | 345 | 361 | 375 | 389 |
| IKEA store visits in millions | 775 | 821 | 884 | 915 |
| IKEA website visits in billions | 1.35 | 1.60 | 1.90 | 2.10 |
| IKEA retail sales in US$ billion (excluding sales tax) | 36.05 | 37.02 | 41.58 | 44.77 |

Source: “IKEA Retailing Facts and Figures,” Inter IKEA Systems B.V., accessed July 10, 2017, <http://franchisor.ikea.com/ikea-retailing-facts-and-figures-new/>.

**EXHIBIT 2: PRODUCT PORTFOLIO OF IKEA FUNCTIONAL CATEGORIES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Outdoor textiles | Cable management & accessories | Wardrobe systems | Decorative lighting | TV & media furniture |
| Grills | Desks & computer desks | Hooks & hangers | Floor lamps | Wall shelves |
| Lounging & relaxing furniture | Table tops & legs | Racks & stands | Integrated lighting | Wardrobes |
| Outdoor cushions | Bathroom mirrors | Shoe cabinets | LED lights | Freezer bags & cookbooks |
| Outdoor dining furniture | Mirrors | Shoe, coat, & hat racks | Light bulbs & accessories | Beverages |
| Outdoor flooring | Bed legs | Wardrobes | Shades, bases, & cords | Bread & dairy |
| Outdoor organizing umbrellas & wind/sun shields | Beds with storage | Outdoor pots & plants | Spotlights | Vegetables & side dishes |
| Baby tableware | Full, queen, & king beds | Candle holders & candles | Table lamps | Fish & seafood |
| Baby textiles | Foam & latex mattresses | Clocks | Wall lamps | Pastries, desserts, & cookies |
| Baby toys | Guest beds & daybeds | Decorative accessories | Work lamps | Sauces, jam, & condiments |
| Changing tables & nursing | Headboards | Frames & pictures | Bathroom accessories | Meat |
| Children’s accessories 8–12 | Loft beds & bunk beds | Holiday decoration | Bins & bags | Candy, chocolates, & snacks |
| Children’s beds | Mattress & pillow protectors | Paper shop | Clothes organizers | Dining tables |
| Children’s beds  8–12 | Mattress foundations | Plants, plant pots, & stands | Food storage & organizing | Bar tables & chairs |
| Children’s desks & chairs 8–12 | Pillow tops | Vases & bowls | Hooks & hangers | Nightstands |
| Children’s lighting | Single beds | Bicycles & bicycle accessories | Laundry & cleaning | Café furniture |
| Children’s lighting 8–12 | Slatted bed bases | Books & games | Paper & media organizers | Coffee & side tables |
| Children’s mattresses | Sleeper sofas | Games & leisure | Storage boxes & baskets | Dining sets |
| Children’s mattresses 8–12 | Spring mattresses | Safety | Waste sorting | Dressing tables |

Exhibit 2 (continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Children’s tableware | Dining chairs | Travel bags & backpacks | All sofas | Outdoor textiles |
| Children’s textiles | Armchairs & chaises | Countertops | Extra legs | Baby textiles |
| Children’s textiles 8–12 | Bar tables & chairs | Ranges | Armchairs & chaises | Bath mats |
| Crib mattresses | Café furniture | Dishwashers | Chaises | Bed linen |
| Cribs | Dining sets | Extractor hoods & filters | Extra covers | Bedspreads |
| High chairs | High chairs | Refrigerators & freezers | Fabric sofas | Blankets & throws |
| Junior chairs | Junior chairs | Cooktops | Ottomans | Children’s textiles |
| Safety | Office chairs | Kitchen islands & carts | Leather & coated fabric | Curtain rods & rails |
| Small furniture | Step stools & step ladders | Knobs & handles | Sofas | Curtains & blinds |
| Toy storage | Stools & benches | SEKTION interior organizers | Sectionals | Cushions & cushions covers |
| Storage furniture | Bakeware | SEKTION kitchen cabinets & fronts | Sleeper sofas | Fabrics & sewing |
| Storage system | Cooking accessories | Kitchen faucets & sinks | Sideboards, buffets, & sofa tables | Kitchen textiles |
| Children’s toys | Dishwashing accessories | Microwave ovens | Bed storage | Mattress & pillow protectors |
| Coffee & tea Flatware | Food storage & organizing | Modular kitchens | Nightstands | Pillows |
| Dinnerware | Frying pans & woks | Ovens | Bookcases | Table linen |
| Glassware & pitchers | Kitchen textiles | Pantry | Cabinets & display cabinets | Comforters |
| Napkins & napkin holders | Kitchen utensils | Step stools & step ladders | Chests of drawers | Rugs |
| Table linen | Knives & chopping boards | Wall storage | Open clothes & shoe storage systems | Shower curtains |
| Serveware | Mixing & measuring tools | Smart lighting | Drawer units | Towels |
| Bathroom storage | Ovenware | Bathroom lighting | Dressing tables | Tools & hardware |
| Bathroom accessories | Pots & sauce pans | Batteries & chargers | Headboards | Cable management & accessories |
| Faucets | Chests of drawers | Ceiling lights | Living room storage systems | TV & media furniture |
| Sinks | Clothes organizers | Children’s lighting | Pantry shelf units & storage cabinets | Wireless chargers |
| Sink cabinets | Open clothes & shoe storage systems | Children’s lighting 8–12 | Storage systems & units |  |

Source: “All Products,” IKEA, accessed August 6, 2017, www.ikea.com/us/en/catalog/allproducts/.

**EXHIBIT 3: IKEA LOCATIONS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Asia Pacific** | | | |
| Australia | China | Hong Kong | India |
| Indonesia | Japan | Malaysia | Singapore |
| South Korea | Taiwan | Thailand |  |
| **Caribbean** | | | |
| Dominican Republic |  |  |  |
| **Europe** | | | |
| Austria | Belgium | Bulgaria | Croatia |
| Cyprus | Czech Republic | Denmark | Finland |
| France | Germany | Greece | Hungary |
| Iceland | Ireland | Italy | Latvia |
| Lithuania | Netherlands | Norway | Poland |
| Portugal | Romania | Russia | Serbia |
| Slovakia | Spain | Spanish Islands | Sweden |
| Switzerland | Turkey | United Kingdom |  |
| **Middle East and North Africa** | | | |
| Egypt | Israel | Jordan | Kuwait |
| Morocco | Qatar | Saudi Arabia | United Arab Emirates |
| **North America** | | | |
| Canada | United States |  |  |

Source: “All Locations,” IKEA, accessed July 10, 2017, www.IKEA.com/.

**EXHIBIT 4: IKEA FRANCHISEES**

|  |  |  |
| --- | --- | --- |
| **Franchisees** | **IKEA Stores** | **Countries** |
| Al-Futtaim Group | 4 | Egypt, Qatar, United Arab Emirates |
| Al-Homaizi Group | 3 | Kuwait, Morocco, Jordan |
| Al-Sulaiman | 4 | Saudi Arabia |
| Dairy Farm Group | 10 | China (Hong Kong), Indonesia, Taiwan |
| House Market Group | 7 | Bulgaria, Cyprus, Greece |
| IKANO Group | 7 | Malaysia, Singapore, Thailand |
| INGKA Group (often referred to as IKEA Group) | 363 | Australia, Austria, Belgium, Canada, China (Mainland), Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, South Korea, Spain, Sweden, Switzerland, United Kingdom, United States |
| Mapa | 5 | Turkey |
| Miklatorg Group | 2 | Iceland, Lithuania |
| Northern Birch | 4 | Israel |
|  |  | Indonesia |
| Sarton Group | 5 | Dominican Republic, Spanish Islands |
|  | 1 | IKEA Delft in the Netherlands |

Source: “IKEA franchisees,” Inter IKEA Systems B.V., accessed April 17, 2018, http://franchisor.IKEA.com/IKEA-franchisees/.

**ENDNOTES**

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in the case are not necessarily those of IKEA Group or IKEA India. [↑](#endnote-ref-1)
2. Tanya Dubey, “Exclusive: IKEA in India Opens Shop in 2018 and Might Source More from India Than China for its Global Operations, If Things Work Out,” Business Insider India, April 26, 2017, accessed July 10, 2017, www.businessinsider.in/Exclusive-IKEA-in-India-opens-shop-in-2018-and-might-source-more-from-India-than-China-for-its-global-operations-if-things-work-out/articleshow/58379235.cms. [↑](#endnote-ref-2)
3. “IKEA Retail,” IKEA India, accessed July 10, 2017, http://ikea.in/ikea-india. [↑](#endnote-ref-3)
4. PTI, “IKEA Plans to Ramp Up Sourcing in India, Eyes New categories,” Live Mint, February 11, 2015, accessed July 10, 2017, www.livemint.com/Companies/JJVfaBckYXgJUjWiEzyeVN/IKEA-plans-to-ramp-up-sourcing-in-India-eyes-new-categories.html. [↑](#endnote-ref-4)
5. All currency amounts are in U.S. dollars unless otherwise specified; US$1 = ₹64.81 and US$1 = €0.938 on March 31, 2017; ₹ = INR = Indian rupee; € = euro. [↑](#endnote-ref-5)
6. “IKEA Retail,” op. cit. [↑](#endnote-ref-6)
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8. An experience centre allowed consumers to touch, feel, and experience the flavour of a few products before making a purchase, and to prepare their wish list. [↑](#endnote-ref-8)
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