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INTERNATIONAL MARKETING STRATEGY IN CHINA

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1.0 Introduction

The report has looked at several secondary sources in order to draw the essential remarks on the practices of the brand in China. It also demonstrates IKEA's capacity to adjust to the particular difficulties faced in each region, such as those in China, by tailoring its marketing approach for long-term success.

2.0 IKEA's international marketing approach

IKEA's global marketing strategy relies on a standardized approach which prioritizes affordable costs, effective designs, as well as a contemporary Scandinavian aesthetic. With more than 400 outlets throughout more than 50 countries, the company has effectively created a distinctive brand identity that is recognized internationally. The emphasis on "democratic design" in IKEA's marketing strategy is one of its essential components. This idea of providing effective, well-designed products at reasonable pricing is in line with the business's mission of making high-quality home furnishings accessible to everyone. The furniture, accessories, lighting, fabrics, and kitchenware offered by IKEA are all intended to be practical, not expensive, and fashionable. IKEA employs multiple types of marketing strategies, like publicity, direct marketing, advertising, and social media, to market its products (Lee and Carter, 2011). Simple and product-focused, the company's advertising campaigns feature catchphrases like "Designed for you" and "The wonderful everyday." IKEA has a continuous presence on social media sites, like Facebook, Instagram, and Twitter, and its social media approach is in line with its overall brand image. Despite having a standardized international approach, IKEA also customizes its tactics to the needs of regional markets. The company makes investments in market research to comprehend the requirements as well as preferences of local customers in each nation in which it conducts services (Burt *et al.* 2011). For instance, IKEA offers a variety of items catered to regional preferences in India, such as furniture made of mango wood and traditional textiles. IKEA offers prayer mats and special women-only shopping hours in Saudi Arabia to accommodate local customs. A distinctive market picture across all markets is a vital factor of IKEA's international advertising strategy. This is seen from the company's uniform retail layout, product selection, and marketing initiatives. IKEA stores, for instance, have comparable layouts as well as product displays throughout all of their international locations and are intended to be hospitable and simple to navigate. The company's success has been largely

attributed to its brand's stability, which builds global awareness and confidence among consumers (Hultman *et al.* 2012). It is identified that IKEA's worldwide marketing strategy emphasises affordability, practical design, and a unified brand image. This approach is the foundation for IKEA's global marketing activities. However, the business also modifies its strategy to fit specific market situations, putting particular emphasis on comprehending the requirements and preferences of regional customers. With a strong and recognizable brand image that is associated with practical, inexpensive design, **6** IKEA has grown to be one of the most successful furniture stores in the world thanks to the link of international and local schemes.

3.0 IKEA's marketing approach in China

It was tough for IKEA to enter and expand in China in the late 1990s because of the country's distinct economic and social characteristics. However, despite some early difficulties, IKEA placed itself to target China's middle class, and the country ended up being IKEA's fastest-growing market, where the firm saw tremendous development. This achievement was attained by customizing the marketing strategy to the demands of the regional market. IKEA largely adapted its marketing strategy for China by adapting its product line to local preferences and tastes (Johansson and Thelander, 2009). IKEA first found it tough to sell its regular product line in China because it was created for smaller households in the West. Homes in China are typically larger, as well as the furniture is frequently more elaborate and traditional in design. IKEA started to sell goods that were adapted to regional tastes as a solution to this problem, like larger furniture pieces, beds with thicker mattresses, as well as more elaborate designs (Wu, 2020). Apart from that, the business started to sell additional regional goods like tea sets, bamboo steamers, and rice cookers. IKEA has adapted their marketing strategy for China by emphasizing the in-store buying experience. IKEA changed the layout of its stores to accommodate the demand of Chinese customers who enjoy the in-person shopping experience. Compared to stores in Europe as well as the US, Chinese stores are larger and have more room for exhibits and demonstrations. The business also made investments in the design of regional stores, adding Chinese design aspects like courtyards and gardens. IKEA has added regional cuisine options, such authentic Chinese dim sum, to entice shoppers to stay longer in the stores. IKEA created its marketing strategy as well by investing multiple on advertising and promotion. The company started a thorough marketing approach which highlighted the worth and calibre of its products. The advertising campaign

promoted IKEA as a source of reasonably priced, fashionable home goods and was directed at China's expanding middle class. The company also made investments in public relations and special occasions, such the yearly "IKEA Family Day," which honours the company's clients and staff. IKEA invests in social media platforms like WeChat, a well-known messaging as well as social media app in China, to market its items online. In 2018, the business also opened an online store in China where a variety of goods could be ordered and delivered right to consumers' homes. This action was taken in reaction to China's expanding e-commerce trend, which has significantly increased in recent years. Managing the issue of trust was another way IKEA managed its marketing strategy for China. A's early growth into China was received with scepticism since Chinese consumers are more wary about purchasing from new and unknown brands. The corporation made significant investments in winning the trust of Chinese customers in order to address this problem. The business launched a programme called "Sustainable Life at Home," which emphasizes social liability and environmental sustainability. The program's inclusion of activities like recycling, energy conservation, and community involvement helped to win the trust of Chinese consumers (Hultman *et al.* 2012). Finally, IKEA modified its marketing strategy by taking cultural differences into account. IKEA changed their strategy to account for China's distinctive culture and social standards. For instance, the business launched a line of goods made especially for the Chinese market, like tea sets as well as bamboo steamer. To adapt its strategy to local tastes and inclinations, the corporation also made an investment in local talent by recruiting Chinese designers and marketers.

4.0 Macro factors affecting IKEA's approach in China

4.1 PESTLE analysis

Political	<ul style="list-style-type: none">• China has been the largest trading partner of Sweden among all other Asian countries• China-Sweden free trade agreements allow safe business passage to close to 600 Swedish companies on Chinese soil and IKEA is one of them (Tsang, 1994).
Economical	<ul style="list-style-type: none">• The furniture market in China is predicted to expand at a CAGR of 11.6% starting in 2022 and reach RMB 1015 billion by 2026.• By 2024, the custom furniture market is expected to rise by 20% yearly to RMB 334 billion (Ringstrom, 2021).
Social	<ul style="list-style-type: none">• The three-child policy, which is part of the 14th Five-Year Plan being implemented in China, has raised demand for children's furniture.• To increase customer involvement in the Chinese market, IKEA uses a blend of foreign and Chinese cultural components (Gilsdorf, 1997).
Technological	<ul style="list-style-type: none">• IKEA made its greatest investment in China to date in 2020, spending RMB 10 billion there to expand its digitalization and e-commerce capabilities.• More than 5 billion people visited the brand's online channels in 2021, and online sales—which now make up 26% of total sales—have increased by 73%.• IKEA is anticipated to devote more resources to omnichannel shopping and redesign its in-store experience in order to differentiate it from internet buying (Ringstrom, 2021).• IKEA takes advantage of the vital role social networks and word-of-mouth advertising play in the complex Chinese consumer market (Ambler et al. 2008).

Legal	<ul style="list-style-type: none"> • The Chinese government has and can alter certain regulations related to the Variable Interest Entity (VIE) from other countries in order to provide support for local businesses.
Environmental	<ul style="list-style-type: none"> • Future Chinese furniture manufacture is anticipated to depend heavily on green manufacturing. (Kenji, 2021)

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4.2 Porter's 5 Forces analysis

Bargaining power of the suppliers	<ul style="list-style-type: none"> • IKEA has a significant presence in China, with PRC suppliers producing more than 22% of the company's product line (Ringstrom, 2021). • The bargaining strength of suppliers for IKEA China is weak because of the fierce competition in China's industrial sector and the availability of manufacturers and distributors on the market. • Due to its well-known brand, IKEA attracts a lot of vendors who are keen to work with it. • IKEA China currently works with about 350 local suppliers, but if their existing suppliers are unable to satisfy their price demands, they can easily move to another 700 vendors on the market (Chu et al. 2013). • IKEA China may easily switch suppliers in order to get the best deal because the majority of suppliers offer comparable goods and lack any distinctive goods, services, or raw materials (Chu et al. 2013).
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Bargaining power of the buyers	<ul style="list-style-type: none"> • In China, shoppers will favour home furnishings and décor items that reflect their pride in their culture and country. • Chinese shoppers are very aware of the effects on the environment and the material used in furniture. • Due to their ability to lower prices, Chinese consumers have significant bargaining power (Chu et al. 2013). • Due to the fact that the primary consumer demographic in China is married or recently married people between the ages of 25 and 35, or roughly 23 million people, there aren't many people purchasing furniture (Chu et al. 2013). • In the furniture sector, switching brands is inexpensive, making it simpler for customers to do so.
Threat of substitutes	<ul style="list-style-type: none"> • China's ongoing urbanisation is what is driving the domestic demand for furniture. • Chinese consumers are becoming more and more interested in domestically produced goods and businesses that pay homage to China's rich cultural past. • Despite recent shop closures, IKEA is confident in the dynamism and toughness of the Chinese economy (Chu et al. 2013). • Buyers have more negotiating power because they can quickly locate alternatives if their wants are not met because of the abundance of replacements in the market. • Because Chinese consumers are price sensitive and demand high-quality furniture at affordable prices, shops must raise their prices to compete for customers (Chu et al. 2013).

Rivalry	<ul style="list-style-type: none"> ● China is the world's top producer and exporter of furniture, with RMB 905.6 billion in total sales (Chu et al. 2013). ● China has 49 furniture manufacturing clusters spread over six different areas. ● IKEA confronts fierce competition in China because the country has a large number of furniture producers, small stores, and international brands like B&G and Hola. ● Local Chinese stores may simply replicate the idea and style of IKEA. ● IKEA's market share is in danger from online and e-commerce platforms, particularly Taobao, who provide comparable goods for less money. ● IKEA must therefore compete on pricing and in promotion to keep its market share in China (Chu et al. 2013).
New market entrants	<ul style="list-style-type: none"> ● IKEA has 35 locations in China, and it wants to tailor its distribution network and customer touchpoints to local customers' preferences and market trends. ● As observed by Ahlstrom and Ding (2014) entrepreneurial ventures and entrepreneurs in general area always encouraged and appreciated in the Chinese economy (Ahlstrom and Ding, 2014)

5.0 Conclusion

IKEA's international marketing approach has been based on accessibility, usability, and a consistent brand image. This strategy has served as the cornerstone for the business's international marketing initiatives. The corporation has, however, also been effective in adapting its strategy to match individual market circumstances, placing a focus on understanding the wants and needs of regional clients. The fact that IKEA was able to modify its product line, shop design, and promotional efforts to satisfy the needs of the local market is proof of the efficacy of this strategy. IKEA is now one of the most profitable companies

thanks to its global ³marketing strategy, which has enabled the company to build a strong and identifiable brand image linked to practical, affordable design.

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