

The IKEA Business Model

The IKEA business idea is to offer a wide range of home furnishings with good design and function at prices so low that as many people as possible will be able to afford them.

Most of the time, beautifully designed home furnishings are usually created for the few who can afford them. From the beginning, IKEA has taken a different path. We have decided to side with the many. That means responding to the home furnishing needs of people around the world: people with many different needs, tastes, dreams, aspirations and wallet sizes; people who want to improve their homes and their everyday lives.



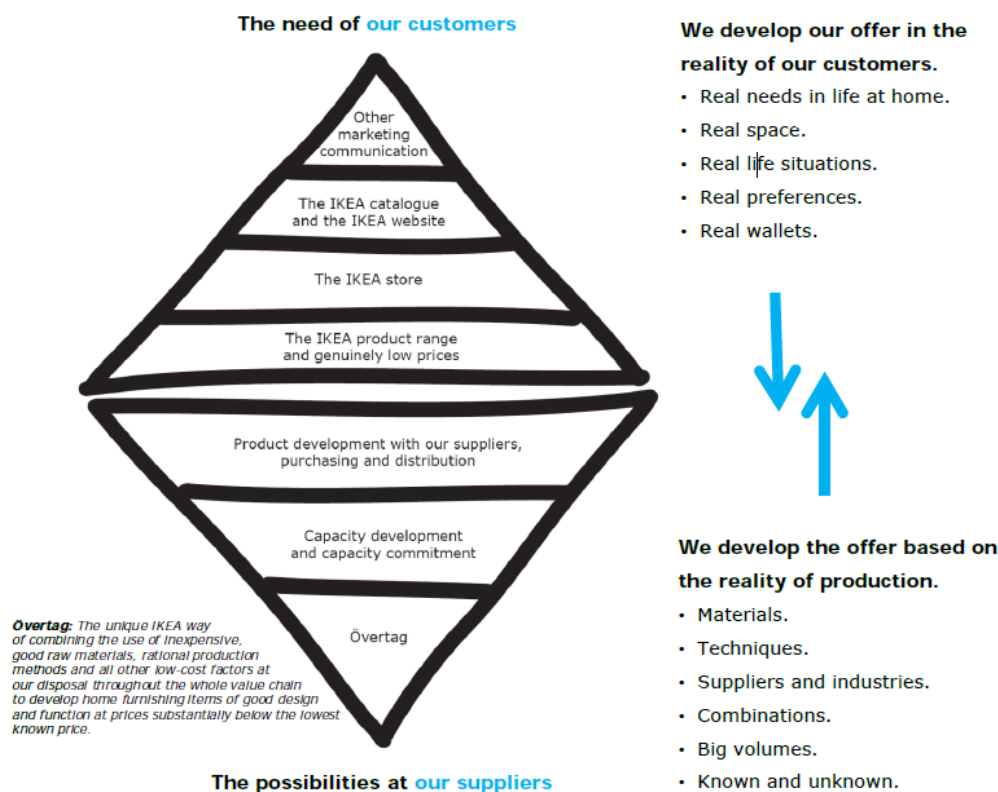
It's not difficult to manufacture expensive fine furniture: just spend the money and let the customers pay. To manufacture beautiful, durable furniture at low prices is not so easy - it requires a different approach. It is all about finding simple solutions and saving on every method, process or approach adopted - but not on ideas.



Our business idea is based on a partnership with the customer. First we do our part, which starts with our designers working with manufacturers to find smart ways to make furniture using existing production processes. Then our buyers look all over the world for good suppliers with the most suitable raw materials. Next, we buy in bulk, on a global scale, so that we can get the best deals, and you can get the lowest price.

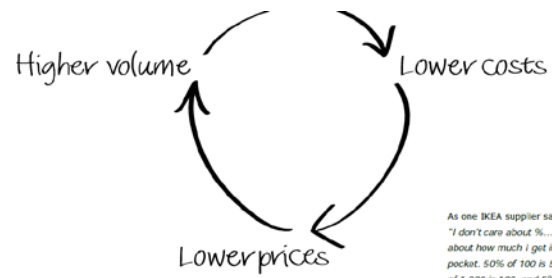
Bringing suppliers and customers closer

The way IKEA create a relevant offer at a genuinely low price is by shortening the distance between the need of our customers and the possibilities at our suppliers.



Prices and Volumes

Low costs in all operations are prerequisites for the lowest prices. It gives big volumes in sales and long-term profits for IKEA and suppliers.



As one IKEA supplier said:
"I don't care about %... I care about how much I get in the pocket. 50% of 100 is 50, 10% of 1.000 is 100, and 5% of 100.000 is 5000. Volume and low costs are my best friends!"