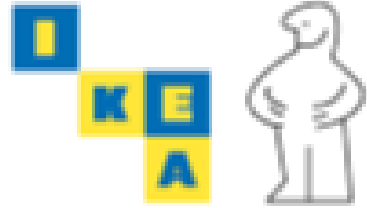




Multinational Corporations in Asia

SHAO CHEN (2EC19231K)



OUTLINE

- 💡 **Brief introduction about IKEA**
 - 💡 **Fist Entry in Japan**
 - 💡 **Re-entry in Japan**
 - 💡 **Study on 2-time entry**
 - 💡 **Standardization & Adaptation**
 - 💡 **Future**



- 1943 founded
- 1945 temporary mail order catalogs
- 1947 added furniture to the product range
- 1951 published the first IKEA catalog



1953
opened a furniture showroom

1955
design its own furniture

1956
try flat packaging

1958
created the first IKEA store

First Entry in Japan

In 1974

Partners:

- Osaka's Mitsui & Co., Ltd.
- Yukawa Furniture
- Tokyu Department Stores

No independent store

In 1986 withdraw



Re-entry in Japan

- In 2006
- in-depth market survey
- price adjustments
- new store location
- promotion
- special showroom
- new services



CAGE framework

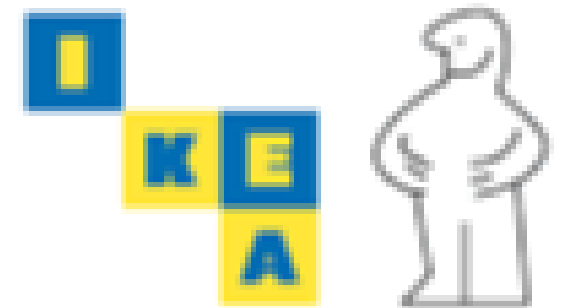
CAGE is a framework advocated by Mr. Pankaj Gemawat that summarizes the items for investigating and analyzing the differences between home and other countries when considering global expansion.

Culture Difference

Administrative Difference

Geographical Difference

Economic Difference



Culture Difference

1st entry

In the 1970s, Japanese culture did not encourage much of the money, time and labor on household items. Japanese people usually didn't invite guests to their homes, and they didn't socialize at home. Therefore, furniture and interior products were not popular with Japanese people. Instead, pursued items related to status outside the home. For example: cars, bags, costumes, etc. It was a culture barrier for IKEA to entry Japanese market.

Culture Difference

2nd entry

◆ During the recession of the 1990s, Japanese consumers' attitudes changed and started paying attention to high-quality and cheap products. The previous tendency to equate high quality with high price has weakened.

◆ Japanese manufacturers have introduced the concept about DIY to customers.

◆ With an increasing emphasis on relaxing at home, new stores selling furniture and accessories have emerged.

Administrative Difference

1st entry

◆ In Japan, IKEA chose to cooperate with a local company instead of direct investment. Because there was a foreign capital law that regulates the investment ratio of foreign capital to less than 50%.

◆ Due to the regulation of the sales floor area under the Large Store Law, the stores were too small to display the products that IKEA wanted, and the number of products was small, so there was a difference from the original IKEA commercial law.

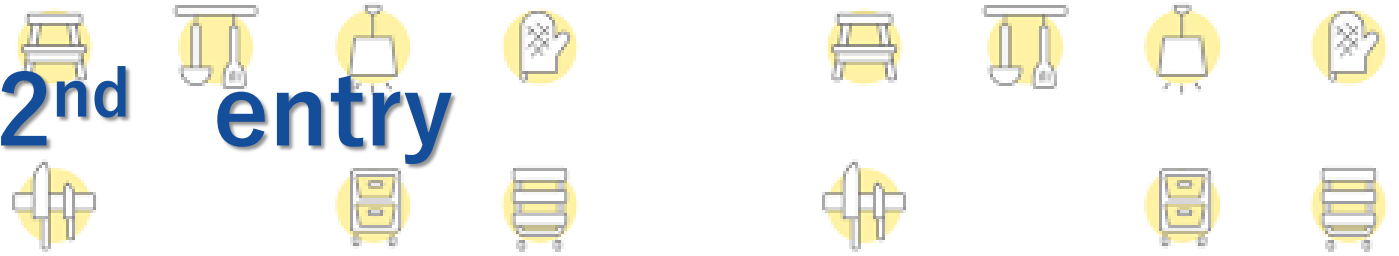
Administrative Difference

2nd entry

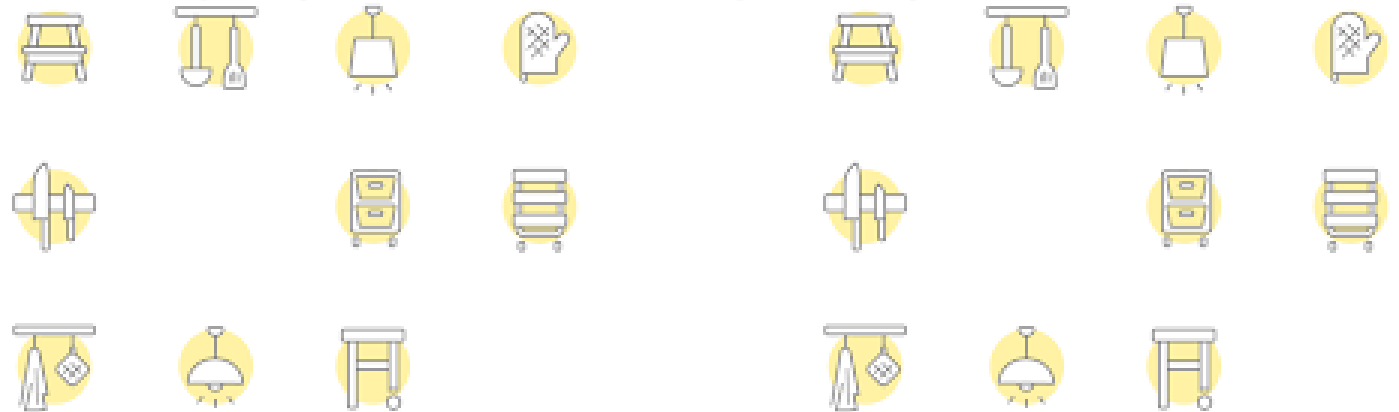
The restrictions on foreign capital law and large store law were abolished.

Geographical Difference

2nd entry



The successful entry into China in the Asian market can provide a lot of suggestions for expanding into Japan. At the same time, the logistics center established in Shanghai is also very important for entering the Japanese market.



Economic Difference

1st entry

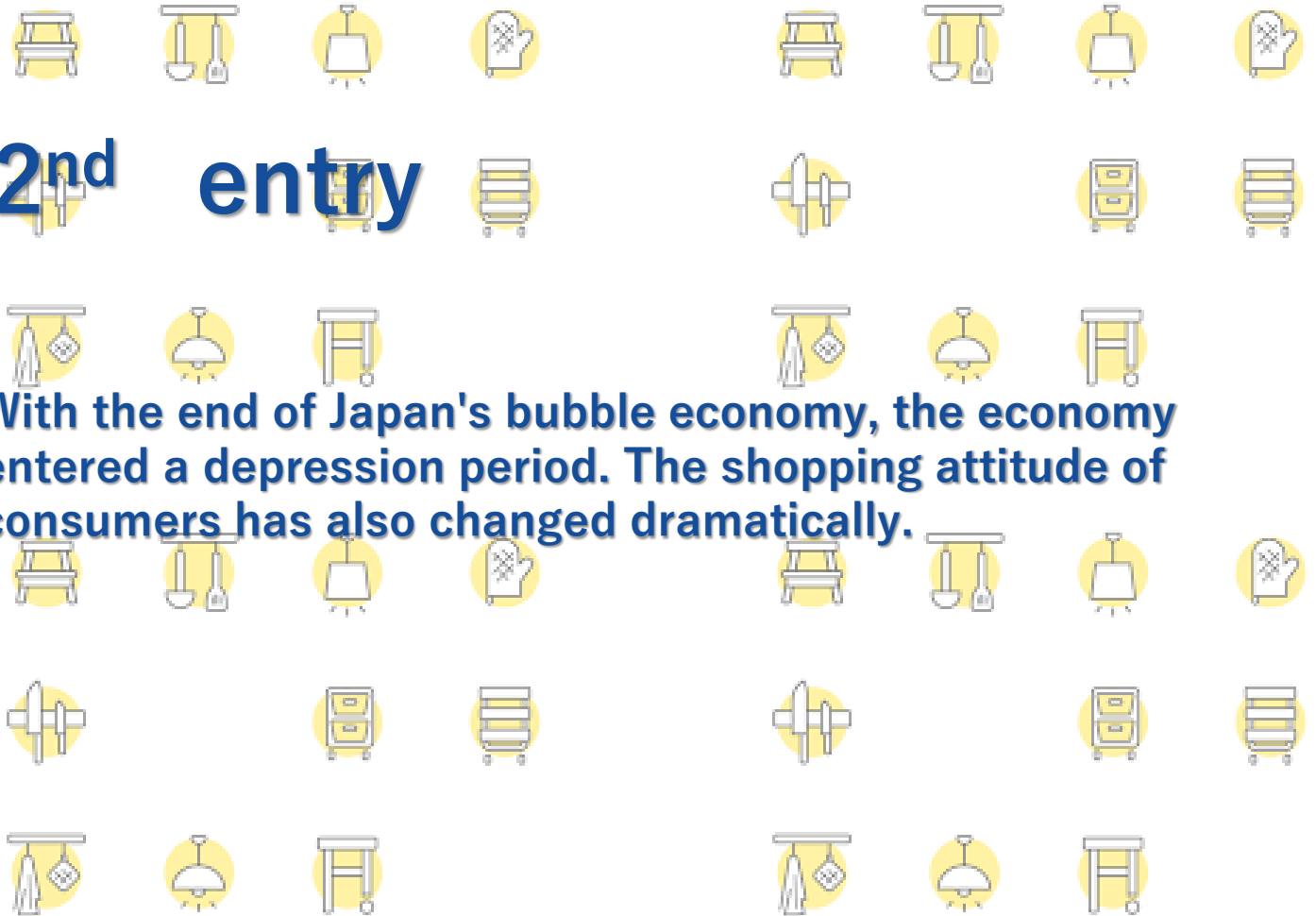
After the remarkable economic growth of the 1970s, the Japanese economy was growing rapidly until the end of the 1980s. So there was a high demand for designer goods, luxury goods, and branded goods.

IKEA's good and cheap brand positioning did not meet the purchasing needs of Japanese consumers at the time.

Economic Difference

2nd entry

With the end of Japan's bubble economy, the economy entered a depression period. The shopping attitude of consumers has also changed dramatically.



Standardization:

- Unified store appearance
- Customer assembles all furniture
- Maintain the same culture across all stores
- Providing quality products at reasonable prices
- Use Scandinavian design
- Furniture items ordered by Scandinavian name
- Introduced Swedish personnel
- management policy and corporate culture.
- Have a large parking lot.
- The shopping flow is the same.



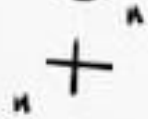
Adaptation:



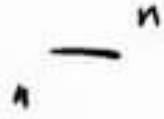
- Adjust furniture size in Japanese living space
- Provide home delivery and assembly services
- Providing service for picking up old furniture
- Providing earthquake-proof furniture like a cabinet
- Assigned many customer service personnel
- The height of the doorknob and washbasin is changed
- Creating a space-saving proposal showroom
- Localization promotion means

SWOT

Strengths



Weaknesses



Opportunities



Threats



Strength

- Scandinavian brand image
- Swedish design, design power
- Inexpensive
- Enhanced product lineup
- Low transportation cost due to flat pack
- Home furnishing One-stop shopping
- Entertainment of the store
- Global supply chain





Weakness

- DIY is troublesome
- Large space is required
- A layout with a route
- GAP with Japanese housing and lifestyle
- Easier to be broken than Nitori and MUJI
- EC site is weak
- Delivery service is inconvenient and expensive

Opportunities

- No cheap Scandinavian furniture rivals
- The opportunity to expand the market
- (Public facilities such as offices, restaurants, schools, nursing homes, etc.)
- Room for expansion to online sales
- Commercial opportunities in new areas
- Business opportunities for urban stores



Threats

- local companies such as Nitori and muji
- Slow demand for furniture purchases (declining birthrate and aging population)
- the limit of suburban stores
- The fragility of the global supply chain. (Very susceptible to politics and epidemics)

「毎日の暮らし」を豊かにするためのデザイン
Design for that wonderful thing called everyday life.

すべてのものが毎日の暮らしのためにデザインされ、それが暮らしをつくれます。使って、場所を空けて、最後には再活用やリサイクル。私たちに、その日その日が特別な一日なのです。

Everything we do is designed and built for everyday life. For being used, moved from one place to another and eventually re-used or even recycled. To us, the everyday is the most special day of the week.

IKEA

Design and Quality
Work of Sweden

3,799

IKEA

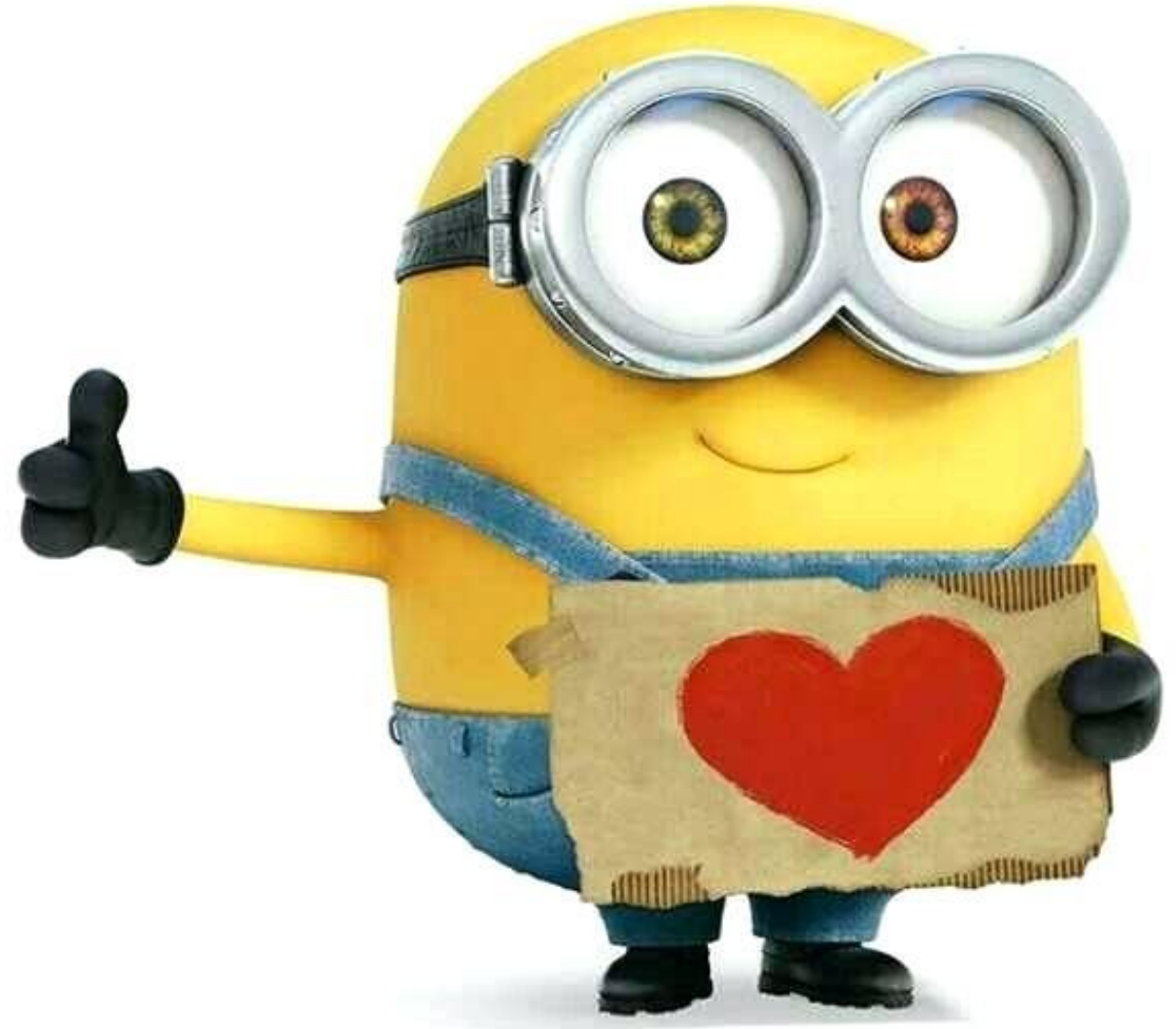


Future

Through analysis, I think IKEA still has room for development in Japan.

- › Create nursing home facilities
- › Build small urban shops in the city
- › Provide professional consulting services

Thank you for your listening!



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