UNIT 3 DB

Name of the Student

University Name

UNIT 3 DB

 Steelcase and IKEA are the two global competitors operating globally. IKEA is a well-known multinational specialized in home and office furniture. The company was founded in 1943 in Sweden, currently working in 52 countries with more than 424 outlets by the end of 2018. IKEA is not a public limited company, and its headquarters is in Holland. IKEA came to the USA in 1985 and proved a potential threat for other competitors including Steelcase. IKEA has 48 stores in the United States according to its website. Steelcase was founded in 1912 in the Michigan United States. The company has outlets around the world. Its offices, facilities, and outlets are in America, Asia, Europe, Australia, and Africa. Steelcase is listed in New York Stock Exchange and has more than 12000 employees around the world. The company's products are interior textile, furniture for small businesses and home offices, interiors for waiting rooms, offices, clinic, etc.

**SWOT Analysis**

|  |  |
| --- | --- |
| **IKEA** | **STEELCASE** |
| **Strengths*** Strong Global Brand with successful operations around the globe.
* The company has a clear vision statement. To add value to its customers regardless of the market conditions.
* IKEA measures performance through KPIs, increasingly use renewable materials (Harapiak, (2013).
* Maintained good relations with suppliers
* The advantage of economies of scale.
 | **Strengths*** Strong brand image in the USA market and other countries.
* The company has a strong distribution network that can reach to the majority of its customers.
* All the processes of the company are automated.
* The company has loyal customers and highly satisfied customers.
* The company has developed its human capital through training.
 |
| **Weaknesses*** Due to its global expansion, it is hard to maintain uniform quality everywhere in all its products.
* As the company is cost-oriented and try to control its cost sometimes the quality is compromised.
* The company is facing challenges of implementing and communicating its environmental policies
 | **Weaknesses*** The company needs more investment in technology.
* The company has got limited success in the business other than its core business.
* Financial planning is not efficiently done (Circleinternational.co.uk. (2019).
 |
| **Opportunity*** The green business model is a huge opportunity to attract customers.
* The company is a market leader in terms of low-cost products.
* The company has the opportunity to expand its business in emerging markets.
 | **Opportunity*** The company can opt for the green business model so it will be able for business with the government.
* The core competency in one product can enhance the sale of other products.
* The company can increase its sale by online channels.
 |
| **Threats*** Its competitors imitate the low-cost business strategy.
* Due to online shopping and lower cost of online shopping, it could increase competition.
 | **Threats*** Intense competition in the market due to multinational and local brands.
* Due to its multinational operations, the company's profit could be affected by currency fluctuations.
 |

 Both companies have the same target market and offers similar products. So they are direct competitors of each other. The competitive advantage of IKEA is the provision of quality products with lower price. It is a market leader in terms of low-cost products. The competitive advantage of Steelcase is the production of innovative products. The company is continuously improving its outcomes and offers unique products. The cooperative strategy can be formed with Steelcase to get benefits of their strong distribution channel. To build a competitive market profile, I would use the SWOT and PESTEL analysis. I will also use the strategy of Balance Scorecard. It is a strategic planning used by multinational corporations, and some local firms. The main purpose of Balance scorecard is to efficiently communicate the organization’s mission and vision statements with its employees. The company can achieve effectiveness and efficiency by adopting this strategy. In this strategy the organization is analyzed by four perspectives; such as learning and growth, financial resources, customers satisfaction, and internal processes (What is the Balanced Scorecard? (2019).

References

Circleinternational.co.uk. (2019) Retrieved 5 March 2019, from <http://www.circleinternational.co.uk/circle/strategy_files/ikea%20mrktswot.pdf>

Harapiak, C. (2013). IKEA's International Expansion.

What is the Balanced Scorecard?. (2019). Balancedscorecard.org. Retrieved 4 March 2019, from <https://www.balancedscorecard.org/BSC-Basics/About-the-Balanced-Scorecard>