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IKEA founder Ingvar Kamprad as one of the leading entrepreneurs
of the 20th century

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Plzeň, červenec 2020

.....
Magdalena Křenková

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1 INTRODUCTION

This bachelor thesis describes the inside story of IKEA and its legendary founder Ingvar Kamprad, one of the leading entrepreneurs of the 20th century and the largest furniture retailer in the world.

The theoretical section of this thesis concentrates on the establishment and development of IKEA. The first chapter describes the early life of Ingvar Kamprad and his close relationship with his family. Other chapters highlight the chronological order of the key events in the history of the company, such as Kamprad's first business deals, entering the furniture market, building the first IKEA stores, expanding to the European countries, and eventually conquering the world. The end of the theoretical section comments on several difficulties that IKEA has gone through on its way to success and Ingvar Kamprad's highly discussed political history.

The theoretical section is based mainly on the book *The Story of IKEA: Leading by Design*, which was written by Bertil Torekull. The book narrates the detailed story of the company and includes interviews with its founder, Ingvar Kamprad.

The practical section analyses three fundamental elements of the company's success and is divided into following chapters: *The IKEA concept*, *IKEA Marketing strategy*, and *The leadership of Ingvar Kamprad*. The aim of my study is to highlight the factors that differentiate the company from its competitors and to determine the main reason of the company's global success and popularity among the customers.

The main sources used for the practical section were the books *The Truth about IKEA* by former IKEA key director Johan Stenebo and *The IKEA Edge* by former CEO of the company Anders Dahlvig, as well as the booklet *The Testament of a Furniture Dealer* (Ingvar Kamprad, 1976) which describes the fundamental concept of IKEA and is used as a model of the company's business strategy.

The thesis is complemented by my own photos and sketches, and pictures from the IKEA website and other internet sources.

2 THEORETICAL SECTION

2.1. Roots of a furniture seller

“In order to understand IKEA, one has to understand its founder Ingvar Kamprad, the world's most reclusive billionaire. Where did he come from?”¹

2.1.1. Ingvar Kamprad's family and childhood

Feodor Ingvar Kamprad was born on March 30, 1926, in Pjätteryd on the boundaries of Älmhult, in Småland, Sweden, to Feodor and Berta Kamprad. His father was a son of German-Czech immigrants who came to Sweden at the end of the 19th century, and his mother was a daughter of the owners of C.B. Nilsson - one of the largest country stores in Älmhult

In 1933 Ingvar and his parents moved to a family farm *Elmtaryd* near a small village Agunnaryd. Ingvar's parents always struggled with a lack of money therefore they came up with an idea to start a guest house. They rented almost all of the rooms in the farm to summer visitors, and for many years the whole family had to share only one room. The strong family bond greatly influenced Ingvar's attitude towards life in general, and despite all the success that had come over the time, Ingvar Kamprad had always remained modest and strongly dependent on his family.

Ingvar started his first business deals at a very early age. With the help of his grandfather, he started selling boxes of matches, Christmas cards, wall hangings, and garden seeds to the neighbours. He realized that if he bought the goods in larger quantities in Stockholm, he could still sell them at relatively low prices, and therefore make a profit. The business was in his blood.

In the 1960s, when C.B. Nilsson was closing down, Ingvar bought the whole property and the land around it. Later on, he used the foundations of the house and built a building, which had later become the first IKEA store ever. “Thanks to the purchase of that site – and others from the district council – the company was able to continue to expand on the very spot where IKEA once

¹ STENEBO, Johan. The truth about IKEA: the secret behind the world's fifth richest man and the success of the flatpack giant. London: Gibson Square, 2010. ISBN 1906142750.

started, immediately opposite Älmhult station on the other side of the track. And thanks to that, somehow both families were represented with their roots in the enterprise – Ingvar's mother's side as well as his father's. A furniture store was built on the foundations of the country store, and furniture was made out of the trees in the forest.”²

One of Ingvar's first and most faithful customers was his grandmother Franziska. She had a great influence on him when he was growing up, and encouraged him to reach his potential and become a successful businessman.

She used to tell him stories about her suffering family in Sudetenland (Czech Republic), from where she emigrated in 1896. Every month, she sent them a package of clothes and some food. She always considered herself as Sudeten German, rather than Swedish or Czech. During the interwar period, she became a great supporter of Hitler, who promised to “save” the Sudeten Germans and to reunite them in the “Greater Germany”. The whole family was politically influenced by grandmother Franziska, who believed that Hitler was doing so much for her Sudeten relatives. Therefore, at that time, Ingvar and his father also became members of the Swedish neo-Nazi party and pronounced anti-Bolsheviks. Ingvar's grandmother died in 1945, right before the end of World War II and the declaration of peace.³

2.2. The beginnings of IKEA

2.2.1. Creating the company

In the spring of 1943, when Ingvar turned seventeen, he decided to start his own firm. As a minor, he needed permission from his main guardian Mr. Ernst, who lived in a nearby village Agunnaryd.⁴ One day, Ingvar visited him and explained him his plans to start a new firm, and Mr. Ernst signed a paper,

² TOREKULL, Bertil and Ingvar KAMPRAD. *Leading by design: the IKEA story*. New York: HarperBusiness, c1999. ISBN 0066620384.

³ Ibid.

³ The consequences of Ingvar Kamprad's political history are mentioned in chapter 2.7., *IKEA's greatest fiascos*.

⁴ By Swedish law, every child has a guardian outside the family, normally a respected local citizen. (*Leading by design: the IKEA story*, p.18, 1999)

which Ingvar then sent to the country council. And this is basically how the trading firm IKEA was created, in the kitchen of Mr. Ernst, in a small Swedish village Agunnaryd. The name of the firm is an acronym made of four words, I stands for Ingvar, K for Kamprad, E for Elmtaryd, and A for Agunnaryd.

At that time, Ingvar started studying at the School of Commerce in Göteborg, which also helped him to better understand the world of business. "Solving the question of how in the simplest and cheapest way to convey goods from the factory to the customer, was fundamental if one were to become a good businessman. Direct import was a way of fixing the lowest possible price."⁵

2.2.2.Entering the furniture market

During the 1940's, IKEA started to slowly develop. The head office of the company was still located on the family farm Elmtaryd where Ingvar had been living. Major elements in the stock were Swedish fountain pens and Hungarian ballpoints, alongside with the smaller wares. Ingvar travelled to several cities in southern Sweden and promoted his goods for mail order. He imported large quantities of goods at very low prices and started to make a great profit.

In 1948, as an attempt to imitate IKEA's toughest competitor, *Gunnars Fabriker* from Alvesta, Ingvar decided to expand his business to the furniture trade. At that time, there were several furniture makers residing around Älmhult, so that enabled Ingvar to enter the furniture market quite easily.

The first piece of furniture advertised by IKEA was an armless nursing chair called *Ruth*. (Ingvar found the order numbers of goods rather confusing, so he started giving names to the furniture, this "naming" system later became in a way typical for IKEA.) Soon, he added other items to the product range, as for example a coffee table, a sofa bed or a cut-glass chandelier, everything was made by the small furniture makers from the region. Ingvar always wanted the products to be in good quality but reasonably priced and affordable for

⁵ TOREKULL, Bertil and Ingvar KAMPRAD. *Leading by design: the IKEA story*. New York: HarperBusiness, c1999. ISBN 0066620384.

everyone. Therefore he became a pioneer of a method of direct purchase with no middlemen, which was to significantly reduce the cost of production and also the final price of the products. People ordered the goods from IKEA, and the furniture factories then delivered it directly to them. The success was unambiguous. All of the “test furniture” was immediately sold out.

The sudden success caused that IKEA could no longer keep the status of a one-man firm. In 1948, Ingvar hired his very first employee, Ernst Ekström, who did the company accounting and stayed with IKEA for many years. In the next two years, the company had grown to other 7 employees, who were helping with the business and packing goods.

In 1949, IKEA began to publish a little brochure – *Ikéa News* – which was sent to the customers, and it greatly improved the company awareness among the general public. The brochure soon developed into the catalogue – advertising the IKEA product range, which is now distributed all over the world.

With the beginning of the 1950's, “the competition in mail order had become almost unendurable, a fact that one simple example can illustrate. The Mellby ironing board was manufactured by Harbo/Åsljunga and sold by IKEA one season to the customer for 23 kronor. Then Gunnars lowered its price to 22,50, IKEA followed with 22 kronor, and the spiral continued. This price war gradually affected the quality of the ironing board, which became simpler and simpler, but also worse and worse. The same applied to furniture. Complaints started to mount, and Ingvar could see how things were going: the mail-order trade was risking an increasingly bad reputation, and in the long run, IKEA could not survive in that way. The core problem with mail order was that the customers themselves could not touch the goods but had to rely on descriptions in the advertisement catalogue. Customer protection was poorly developed, and it was easy to cheat.”⁶

It was essential for IKEA to figure out how to maintain the trust of the customers. Therefore in 1951, Ingvar hired a new office clerk Sven Göte Hansson, who had great management skills and was an expert on setting

⁶ Ibid.

prices. One day, Ingvar in cooperation with Sven Göte came up with a brilliant idea. They still wanted to lower the prices of the products but not worsen the quality. The idea was to start a permanent exhibition of the furniture that they would advertise in the catalogue. People could come to the exhibition, see the products and then compare the quality at different price levels themselves.

The last edition of Ikéa News was published in 1952, with information that from that time on IKEA would focus only on the sale of furniture and household goods. The brochure also contained an invitation to the exhibition and an order form that people could use to order the first IKEA catalogue.

2.2.3. First furniture exhibition

At the beginning of 1952, Ingvar bought a large old property in Älmhult, and during the year they renovated it and prepared it for the exhibition. The furniture exhibition was inaugurated on March 18, 1953, and it turned out to be one of the most important moments in the history of IKEA. It basically gave birth to the modern IKEA concept, which is still applied today: first, the distribution of the catalogue that will attract people to the exhibition, which is now the store, and then the possibility for customers to choose the best option based on their personal preferences.

In an attempt to make furniture affordable for everyone, Ingvar gave customers the choice, whether to prioritize the quality or the price. People could walk around the building and see the displayed furniture in reality then they could decide which products they found the most suitable and fill out the mail order. IKEA started with exhibiting those cheap simple ironing boards right next to those that were more expensive but in much better quality, and people did what IKEA had hoped for, they actually bought the more expensive ones.

It was the first time in the business history when someone had connected mail order and furniture store in one and put it into practise, and it turned out to be a massive success. Owing to that idea, IKEA was able to get the resources to create an actual store that was opened a few years later.

This pioneer exhibition also gave birth to another popular IKEA trademark – the restaurant. Ingvar Kamprad used to say: “It is difficult to do business with someone on an empty stomach”⁷, and according to that, IKEA offered free coffee and buns to the people who came to the opening. Later the idea has developed into the restaurant and bistro that are selling Swedish national food all over the world.

During the first years of this pioneer stage, IKEA had become sort of a popular tourist attraction in Älmhult. Thousands of people travelled to Älmhult just to see the furniture exhibition from all over the country, even though travelling was relatively expensive at that time. For that reason, IKEA has arranged several benefits for its customers, as for instance a discount with Swedish Railways or a special menu in the restaurant in Älmhult. With the increasing number of customers, IKEA had soon opened an inn on the site, with a restaurant, a hotel, and a pool.

Step by step, IKEA was creating its future philosophy, based on the family spirit from Elmtaryd, which would later grow into a worldwide business sensation.

2.2.4. First IKEA store

At the end of the 1950's, IKEA slowly developed into a real and successful enterprise. One of the biggest steps, that the company had to take, was the transition from an intimate atmosphere of Elmtaryd to an old large warehouse in Älmhult. Ingvar bought and renovated a two-floor wooden building of 6,700 square meters, and filled it with the furniture. The store was first opened in 1958 and soon became the largest furniture exhibition in the world.⁸

New IKEA objective was to develop the perfect selling machine with the utilization of the catalogue and by always doing things a different way than

⁷ IKEA Food journey - IKEA. IKEA.com – International homepage – IKEA [online]. Copyright © Inter IKEA Systems B.V. 1999 [cit. 08.04.2019]. Available at: https://www.ikea.com/ms/en_US/this-is-ikea/ikea-highlights/IKEA-Food-journey/index.html

⁸ TOREKULL, Bertil and Ingvar KAMPRAD. Leading by design: the IKEA story. New York: HarperBusiness, c1999. ISBN 0066620384.

others. In 1954 the turnover reached almost three million, and then the sales even doubled the following year. At that time IKEA was employing only around thirty people and it seemed that the principle of closeness was still functioning pretty well.

2.3. Boycotts and success

As major events usually occur at the same time, this period turned out to be quite challenging also in Ingvar's personal life. He got married to Kerstin Wadling at a very young age and adopted a daughter. In 1956 his beloved mother died of cancer, which was followed by the divorce in 1960 and interdiction of contact with his daughter. Ingvar had found all of these situations extremely difficult to cope with. Fortunately, a few years later he met a young teacher Margaretha Stennert at the business trip to Italy, they got married in 1963 and had three sons to whom he, later on, transferred all of his assets.

At that point, Ingvar had become a well-known businessman and a feared competitor at the field of furniture trade however his methods were often disdained. The conventional trade wanted to sabotage IKEA's progress at whatever cost, and several boycotts took place.

Many furniture companies were refusing to buy goods from the suppliers if they maintained business relations with IKEA. Thus the majority of Swedish suppliers actually interrupted business contacts with the company. Even the *National Association of Furniture Dealers* stood up against IKEA and banned certain suppliers to sell their products to IKEA.

The increasing boycotts had caused various problems for the company. With the shortage of suppliers, IKEA was no longer able to deliver all the goods they had advertised in the catalogue, and complaints against the company began to pile up. However several suppliers proved their loyalty and courage by using the made-up delivery addresses and transporting their

products during the night. These scenes considerably resembled the days of Prohibition, only in this case, it was sofas being transported.

Another possible solution that Ingvar came up with was to start a number of new smaller firms and companies in Sweden. In the case when a supplier refused to sell the goods to IKEA, one of the subsidiary companies would take over the order and IKEA would be able to deliver the products within the due dates.

Despite the fact that the same outrageous newspaper articles and anonymous letters were appearing, and the furniture competitors kept on banning IKEA from doing any business, IKEA always found new ways of getting around each ban and continued to succeed.

“In IKEA's business philosophy, the whole matter should be inscribed as a golden rule: regard every problem as a possibility. New problems created a dizzying chance. When IKEA was not allowed to buy the same furniture as others, they were forced to design their own, and that came to provide them with their own style. And from the necessity to secure their deliveries, a chance arose that in its turn opened up a whole new world to them. That chance was to be called Europe, or to be more precise Poland.”⁹

2.4. The furniture revolution

2.4.1. Self-assembly furniture

IKEA's intention to keep the prices of furniture as low as possible got into a whole new level with creating their own design and adding self-assembly furniture to the offer. Self-assembly furniture is an integral part of today's IKEA concept – IKEA supplies the furniture, people have to take it home and assemble themselves (usually with a peculiar little key). It was a young Swedish designer Gillis Lundgren who in the early 1950's contributed greatly to this innovation.

⁹ TOREKULL, Bertil and Ingvar KAMPRAD. Leading by design: the IKEA story. New York: HarperBusiness, c1999. ISBN 0066620384.

Gillis Lundgren started working for IKEA in 1953 by the time when IKEA was completing the first advertisement catalogue. His ingenuity, creativity, and problem-solving skills immediately caught Ingvar's attention, and thus he soon became one of his closest friends, most faithful co-workers and a designer of many IKEA's bestsellers. He began to slightly change the design of certain pieces of furniture, so the competitors would not recognize that the suppliers were selling the same goods to IKEA as to others.

However it was IKEA's first flat parcel what in fact started a revolution. When Gillis was photographing tables for the catalogue, he was surprised by how much space all the packed furniture actually takes, so he suggested to took the legs off and put them under the tabletop. And thus the very first flat parcel with the first self-assembly table called *Max* was included to the offer. It was followed by the whole series of self-assembly chairs, beds, bookcases, and other pieces of furniture, which also achieved great success among the general public. The flat parcels saved enormously on storage and freight, and it basically enabled the customers to take home the parcels of large furniture themselves, which had not been done by any other company by then.

2.4.2. Democratic design

Nevertheless, it was Ingvar himself who came up with the concept of *democratic design* which had become IKEA's well-known trademark. *Democratic design* was from the beginning adapted to machine production, and thus the products were not only "stylish" but also very cheap to produce.

Owing to the collaboration of many designers from all over the world, the concept of Democratic design has greatly developed over the years. IKEA defines current *Democratic design* as a combination of five fundamental principles: form, function, quality, low price, and sustainability. The form is to make everyday life better, brighter, and more pleasant. The function guarantees that the product meets all the requirements of everyday life. The quality ensures a long product life. The low price makes the product affordable for many people. And the sustainability covers the whole process of production from the raw material to the final product in the hands of the customer. All

these elements together are reflected in every single product made by IKEA and represent a major tool of fulfilling the IKEA aim and vision¹⁰ – “*to create a better everyday life for the many people.*”¹¹

2.5. The search for suppliers

2.5.1. Development of the Swedish-Polish Business Relations

Even though IKEA discovered this new way of producing furniture and several manufacturers actually remained loyal and offered help, the demand for their products was growing so fast that IKEA was still not able to settle all the orders. IKEA needed more suppliers, and thus they started to seek for help abroad.

A turning point in the history of IKEA was the establishment of a business relationship with Poland in the 1960's. A communist country was looking for collaboration with Swedish companies, so IKEA took the opportunity, which in the next fifteen years enabled the furniture store to “conquer” the European continent and eventually other parts of the world.

In 1961, IKEA established a long-term partnership with the Polish furniture industry's export organization called PAGED, which literally rescued the company from the “supplier mess” in Sweden. The first furniture order was signed in Poznan, during Ingvar's very first business trip to Poland. Poland then became IKEA's major supplier and a model market in Eastern Europe. (Today, IKEA has a large store in Poznan, as well as ten others in other Polish cities.)

The Polish economy, at that time, was still centrally controlled by the Communist party therefore Poland was not able to take the step into full modernity that IKEA required. However, the prices of raw material and the costs of production were incredibly low compared to the northern countries, thus millions of IKEA's favourite products were manufactured in there and then

¹⁰ IKEA. Democratic Design. © Inter IKEA systems B.V. 2018.

¹¹ Kamprad, Ingvar. The Testament of a Furniture Dealer. A little IKEA Dictionary. © Inter IKEA systems B.V. 1976 – 2013.

transported to Sweden. During the 1960's, more than 50 percent of the products, advertised in the catalogue, were actually supplied from Poland.

One of these products was a famous chair called *Ölga*, which was made in bent beechwood in Radonsko, and later became the image of the “*Ikean quality at a low price*”. The furniture quality tests, taken in Sweden in 1964, showed that the *Ölga* chairs, sold for 33 kronor, were just as good, if not better, as the chairs from other furniture stores which were actually five times more expensive – similar results were achieved by *Billy* bookcases, *Tore* chests of drawers, *Klippan* sofas, and many others. These results, published in a furniture magazine *Allt i Hemmet* (“Everything in the Home”), disproved the constant rumours concerning the inferior quality of IKEA products and essentially made the company socially acceptable.

Nevertheless, the relations with Poland had been threatened several times. At the end of the 1970's, PAGED started comparing IKEA with the German companies in terms of payment, in particular, they were concerned about the low prices stated in the long-term contracts. Therefore they significantly raised the prices of products and even production itself, so IKEA naturally began to seek for suppliers elsewhere. It basically opened the door for the company to the other East European countries which took over the role of “low-priced” suppliers to IKEA with pleasure. Swedish-Polish trade relations were reconciled after the fall of the Berlin Wall when Barbara Wojciechowska took over the function of PAGED's senior furniture chief.

2.5.2. IKEA becoming its own supplier - Swedwood

The majority of the new IKEA suppliers were the countries of the Communist bloc but because of the political instability at that time, Ingvar realized that IKEA needed a different kind of security. And thus a new idea was born – IKEA had to become its own manufacturer.

In 1991, Ingvar bought a manufacturing company Swedwood in Småland with branches in Denmark and Canada. Despite the lack of experience in this field, IKEA has once again found its way to success.

“With Swedwood, IKEA built up a management capacity to buy into and companies in other industries. It went into Poland, then to Slovakia, Hungary, Ukraine, and Romania, and it bought up and modernized companies that had been owned collectively or by the state. A few years later, Swedwood had invested one billion kronor and turned over two billion, and then even doubled that figure within the following five years. On top of that, the company had been able to send raw materials to Sweden, thus putting pressure on prices domestically.”¹²

Many of IKEA new furniture factories were soon equipped with the most modern technology, which greatly improved the production capacity of the company and IKEA was another step closer to the technological cutting edge.

2.6. Business Expansion

2.6.1. “The miracle Store” in Kungens Kurva

In the middle of the 1960's, Ingvar was already known as one of the leading businessmen in Sweden, he was an owner of a successful furniture store in Älmhult, whose net worth was reaching millions of dollars. And despite all the obstacles that had come into his way over the time he was finally able to make one of the most important deals in his life.

On June 18 of 1965, Ingvar opened a new IKEA store in Kungens Kurva in the suburbs of Stockholm. The new store was four times larger than the store in Älmhult, and it was designed as a circular building to provide the best optimal exposure of the products. The store was strategically placed at a fair distance from the city centre with good access and a huge parking lot around the building – which practically corresponds to the current company appearance and placement of IKEA stores in the cities all around the world.

From day one, the store in Kungens Kurva had been an ultimate sensation, visited by eighteen thousand customers each day. The major event

¹² TOREKULL, Bertil and Ingvar KAMPRAD. Leading by design: the IKEA story. New York: HarperBusiness, c1999. ISBN 0066620384.

which started the real shopping madness was when the government announced that from July 1 of the same year a value-added sales tax would be added to the products. And people were losing their minds. During these two weeks from the opening of the store, masses of people came to IKEA to buy as many products as possible before the sales tax was instated, and the sales were corresponding to an annual turnover of 90 million kronor.

In September of 1970, the IKEA sign on the roof of the store started a fire, through an electrical fault, and because of the damage, the store had to be closed for almost a whole year. During the reconstruction Ingvar and the manager of the store, Hans Ax, came up with several innovations and modernizations which have contributed greatly to the modern IKEA concept.

One of these new ideas was to offer the typical Småland cuisine in the restaurant. The whole company was greatly influenced by its Swedish origin, concerning the wood exported from the Småland forests, the Scandinavian design of the products and the famous blue and yellow logo of the company. Thus adding Swedish specialties to the menu turned out to be just another piece of the profit puzzle. The new Ikean menu contained the typical Swedish dishes such as sausages with potatoes, apple cake with vanilla sauce, and foremost the popular meatballs with lingonberries. The meatballs soon became a global bestseller and one of the most iconic trademarks of the company.

Another style-forming innovation was, for instance, the playroom for children with the pool full of colourful plastic balls, which is located by the entrance. The playroom greatly helped with customizing the department store for families with children and became an essential part of every IKEA store in the world.

The store in Kungens Kurva was reopened in March of 1971, and the “after fire” sales caused another shopping fever – all of the discounted products were immediately sold out.

During the first six years since the opening of the store, IKEA had grown from the company of fifty employees to more than four hundred employees,

and the annual turnover was exceeding one billion kronor (about \$125 million). One can say that the company was finally in the right place and with this resolute triumph it was also the right time to expand the business into the world.

2.6.2. Expanding into the global market

At the beginning of the 1970's, due to the Swedish fiscal policy, Ingvar and his family left Sweden in order to avoid taxes. They bought a house in Humlebaek, Denmark, which had later become the head office of the company and is housing the boards of IKEA directors ever since.

“From 1973, when the first store outside Scandinavia was opened in Spreitenbach in German Switzerland, IKEA expanded internationally at a furious pace. In less than six years, twenty new stores were established in Europe, Canada, Australia, and Singapore, not counting the two in Sweden. Germany was in the lead with ten stores.

These times became known as the “Viking times”, a period of great delight and conquest, IKEA grew in leaps and bounds – in properties, numbers of employees, and millions in turnover. This was when the company learned the basic technique of opening new markets, a lesson that made it possible to open forty-three new stores during the 1980's, and thus far in the 1990's another sixty-nine new stores, from China to the Czech Republic and Germany.”¹³

At the beginning of the Ikean expansion, there had been a certain process that had to be followed while establishing the stores outside of Sweden. A key figure in this process was Jan Aulin, initially Ingvar's first assistant, who had been commissioned to be in charge of the designated team that was responsible for starting new stores in the European frontier. The team included a troop of engineers, an administrator, two decorators, a logistician, and their mentor Jan Aulin. When IKEA purchased a new site, this specially trained team was sent into the new country, and after four to six months of

¹³ TOREKULL, Bertil and Ingvar KAMPRAD. Leading by design: the IKEA story. New York: HarperBusiness, c1999. ISBN 0066620384.

intensive work, the operation was completed. The team then appointed a store manager, and the new store was ready to be opened. However, it was basically left to its fate and in several cases, it fell into a malaise.

Even though the company had made many mistakes over time, it was still prospering and year after year breaking all the records. It seemed that there was no limit to the expansion of IKEA, therefore, this period was full of opening parties and celebrations.

IKEA business strategies have noticeably changed over time compared to the beginnings of entering the world furniture market. The current system is relatively free and each country is responsible for its own IKEA store however the idea of the “sacred concept”¹⁴ still remains on as a list of the most important rules that the company must follow.

Since the beginning of the new millennium, IKEA has expanded to other 24 countries around the world, starting in 2000 by entering the Russian market and building a store in Moscow, up to 2019 when the newest IKEA store was opened in Ljubljana, Slovenia. The world's largest IKEA store, of 59,000 square meters, was opened in 2014 in Seoul, South Korea, this overtook the size of the store in Kungens Kurva, in Stockholm, which previously held the record for the largest IKEA store. Nevertheless, the country in the lead is still Germany which currently forms IKEA's largest market with 53 successfully running stores.

Nowadays IKEA dominates the global furniture market with 433 stores operating in 52 different countries, with a workforce of 211 000 employees and the annual turnover of \$45.4 billion, and other sites are still being purchased up to the plan for upcoming years to open new stores in Mexico, Chile, Brazil, Philippines, New Zealand, and many others.¹⁵

¹⁴ Kamprad, Ingvar. The Testament of a Furniture Dealer. A little IKEA Dictionary. © Inter IKEA systems B.V. 1976 – 2013.

¹⁵ IKEA Highlights 2019. About IKEA [online]. Copyright © Inter IKEA Systems B.V. 1999 [cit. 12.07.2020]. Available at: <https://about.ikea.com/en/organisation/ikea-facts-and-figures/ikea-highlights-2019>

2.7. IKEA's greatest fiascos

*"Only those who are asleep make no mistakes."*¹⁶ – Ingvar Kamprad

It is a natural course of life – in order to succeed, one has to make mistakes, learn from them, gain new experience, and then grow. The same applies to the story of IKEA. The company would not achieve such a great success without several failures throughout the way, some of them turned out to be valuable lessons and in a way a new opportunity, while others cost the company millions of dollars.

Starting by the 1940's when Ingvar made few unfortunate deals that later cost him several thousand kronor, which was followed by IKEA's collaboration with the television factory *Prinsen* in the 1960's that cost the company almost 30 percent of its assets which corresponded to 40 million kronor (\$5 million), up to the end of the 1990's when the company expanded to the Russian market and due to the involvement of Russian Mafia, IKEA lost the financial amount of 60 to 100 million kronor (\$7.5 to 12.5 million).

However, none of these fiascos have been given such publicity as Ingvar's connection with the Nazi party and Neo-Swedish movement which was revealed and highly discussed in 1994 and then again in 1998.

"The story of Ingvar Kamprad's interest in Nazism and fascism when young provides a picture not only of a human being's tortuous route to and away from certain convictions but also of what happens in a large company when a unique event intrudes on everyday business and threatens to undermine the credibility of the business concept and jeopardize sales."¹⁷

The series of documents showing Ingvar's controversial political history was first published in *Expressen*¹⁸ on October 21 in 1994. The media all over the world quickly shared and distributed the shocking news within a few days,

¹⁶ Optimize. Optimize with Brian Johnson [online]. Copyright © [cit. 08.04.2019]. Available at:

<https://www.optimize.me/quotes/ingvar-kamprad/20698-only-those-who-are-asleep-make-no-mistak/>

¹⁷ TOREKULL, Bertil and Ingvar KAMPRAD. Leading by design: the IKEA story. New York: HarperBusiness, c1999. ISBN 0066620384.

¹⁸ The most prestigious Swedish newspaper at that time.

and thousands of employees and millions of customers demanded an explanation, therefore Ingvar decided to reveal the truth.

He wrote a letter aiming to all the IKEA employees, apologizing for the sins of his youth. He precisely explained his family situation and how his Sudeten-German grandmother and his anti-Semitic Nazi father influenced his political opinions while growing up. He admitted how ashamed and deeply sorry he was for joining the Nazi party and the Neo-Swedish movement in the 1940's, he had been very young at that time, and therefore very easily manipulated by all the powerful leaders and their motivational pro-Germanized speeches. He stated that in 1948 when he entered the furniture market he distanced himself from any political activity and started focusing only on business. He soon realized how incredibly wrong the Nazi and fascist movements were, and thus he decided to keep his political history a secret. At the end of the letter, Ingvar asked all of his employees, particularly the ones of Jewish descent, for forgiveness, and their answer, above hundreds of signatures, contained the following simple text:

“Ingvar, we are here whenever you need us. The IKEA family IOS [IKEA of Sweden]”¹⁹

With this rhetoric feat, the scandal was predominantly over. The way how Ingvar dealt with such a difficult situation turned out to be a brilliant solution to the problem. His immediate reaction and absolute honesty have been used as a textbook example by media educators all over the world ever since.

Even though other accusations and scandalous headlines have appeared over time, IKEA has always succeeded in finding out new solutions, and with each problem that arose IKEA family bond was becoming stronger.

¹⁹ TOREKULL, Bertil and Ingvar KAMPRAD. *Leading by design: the IKEA story*. New York: HarperBusiness, c1999. ISBN 0066620384.

3 PRACTICAL SECTION

The practical section contains my study of three fundamental pillars of the company in the following order: *The IKEA concept*, *IKEA Marketing strategy*, and *The leadership of Ingvar Kamprad*. The aim of this study is to highlight the factors which differentiate the company from its competitors and to determine the main reason of the company's global success and popularity among the customers.

3.1. The IKEA concept - *The Testament of a Furniture Dealer*

In order to understand IKEA, one has to understand the fundamental concept of the company and its main vision – “To create a better life for the many people.”²⁰

Therefore this chapter analyses the booklet *The Testament of a Furniture Dealer* which was written by Ingvar Kamprad and published by IKEA in 1976. It is used as a model of the company's business strategy ever since. The booklet describes the fundamental concept of IKEA and its cornerstones in nine following segments.

3.1.1. The product range - our identity

IKEA business idea statement is: “to offer a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.”²¹

IKEA provides a wide range of products suitable for any household. The range includes indoor and outdoor furniture as well as all kinds of home appliances, tools, utensils, and other interior decoration accessories. The products are made in high quality and are adapted to the needs and interests of the customers. The target group of the company is “the many people”, which corresponds to the majority of people with limited financial resources, thus IKEA is constantly trying to maintain low prices of the products.

²⁰ Kamprad, Ingvar. *The Testament of a Furniture Dealer*. A little IKEA Dictionary. © Inter IKEA systems B.V. 1976 – 2013.

²¹ This is IKEA. IKEA.com – International homepage – IKEA [online]. Copyright © Inter IKEA Systems B.V. 1999 [cit. 28.04.2019]. Available at: https://www.ikea.com/ms/en_SG/about_ikea/our_business_idea/index.html

All of the products are made of renewable, recyclable or recycled materials, such as certified wood, bamboo, wood-plastic composite, recyclable PET plastic, linen, and sustainable cotton. IKEA is focused on the smart packaging, therefore the products are packed into the flat parcels and covered by recyclable cost-saving and environmentally friendly brown cardboard.

The design of the products reflects the simple and minimalistic way of thinking of the company, which makes the IKEA furniture timeless and easy to live with nearly for anyone. In Scandinavia, people should regard the products as typically IKEA, while outside of Scandinavia people perceive the IKEA style as typically Swedish.

“The product range is at the core of any retail company. Being able to differentiate in range and price versus the competition is more important than any other aspect of retailing. Location, services, store standards, etc., are all important, but they are secondary to having an attractive product range. IKEA controls the entire value chain including the product range, a factor that puts it in such a good position.”²²

3.1.2. The IKEA spirit – a strong and living reality

The IKEA spirit is based on closeness, enthusiasm, willingness to help, and the humbleness of the employees. The IKEA employees are asked to be completely dedicated to their tasks and cooperate in perfect harmony to satisfy the needs and wants of the customers.

The true IKEA spirit should be embodied by each IKEA employee or in general by the people who are always selflessly willing to offer help. Even though these people are usually taken for granted, they represent the pillars of our society.

However, the IKEA spirit has been substantially cultivated over the years to keep up with the constantly developing society it still lives on in the heart of every IKEA store around the world.

²² DAHLVIG, Anders. The IKEA edge: building global growth and social good at the world's most iconic home store. New York: McGraw-Hill, c2012. ISBN 0071777652.

3.1.3. Profit gives us resources

Every company needs a fair amount of financial resources to achieve their goals. “The aim of IKEA's effort to build up financial resources is to reach a good result in the long term”²³ – primarily through the combination of good quality and low prices.

In order to make a profit, it is essential to set the right level of prices. The price has to correspond to the quality of the product and at the same time it has to be as low as possible thus it easily attracts the attention of the customer. IKEA tends to develop the products more economically, to purchase more efficiently, to cut costs, and never to waste resources.

3.1.4. Reaching good results with small means

“Waste of resources is one of the greatest diseases of mankind. Time after time, IKEA has proved that it is possible to get good results with small means or very limited resources. Therefore IKEA has no respect for a solution until they know what it costs – expensive solutions to any kind of problem are usually the work of mediocrity.”²⁴

Almost anyone can find a solution with an unlimited amount of resources, but it takes a highly intelligent and rational thinker to come up with a solution with relatively small means whether we are talking about designing furniture, building houses or spending any other expenditures of everyday life.

3.1.5. Simplicity is a virtue

In every community or company, there has to be a list of rules in order to make people well function together. The bigger the community is, the more complicated the rules usually are – it often leads to bureaucracy and exaggerated planning, which can cause a corporate death of the company. However, in IKEA, it is simplicity and common sense that are considered as fine traditions.

²³ Kamprad, Ingvar. The Testament of a Furniture Dealer. A little IKEA Dictionary. © Inter IKEA systems B.V. 1976 – 2013.

²⁴ Ibid.

Ingvar Kamprad described the way IKEA regard simplicity in *The Testament of a Furniture Dealer* as follows: “Simple routines mean greater impact. Simplicity in our behaviour gives us strength. Simplicity and humbleness characterise us in our relations with each other, with our suppliers and with our customers. It is not just to cut costs that we avoid luxury hotels. We do not need fancy cars, posh titles, tailor-made uniforms or other status symbols. We rely on our own strength and on our own will!”²⁵

3.1.6. Doing it a different way

One of the secrets behind the success of IKEA is the fact that the company dares to do things differently and refuses to accept convention. IKEA is constantly searching for the improvement of its business methods and techniques and is not afraid of making several mistakes or taking risks in order to make progress. By thinking differently than others, IKEA has come up with many new ways of reducing costs and improving efficiency.

Several examples may show how the IKEA way of thinking varies from other companies: When other furniture dealers were offering manufacturers' products and designs, IKEA came up with the idea of its own democratic design. Whereas other furniture companies were opening their stores in the city centres, IKEA started to set up large stores in the suburbs. And while others sell the furniture already assembled, IKEA sells smaller flat parcels and lets customers assemble the furniture themselves.

3.1.7. Concentration – important to our success

Concentration is one of the key aspects when it comes to setting and reaching your goals. It is essential to identify the priorities wisely and to focus only on what is important for the work that needs to be done. This way of thinking works perfectly in everyday life as well as in business.

IKEA is aware of the fact that it is not possible to instantly conquer the whole global market or to satisfy the tastes of all people at once. Therefore the

²⁵ Ibid.

company is focused on its own profile and is making great progress by managing on small means.

3.1.8. Taking responsibility – a privilege

The people who make decisions but foremost the people who are able to take responsibility for their actions are necessary for every system. They should be found everywhere, in the management, among the office staff, in the warehouse, even among the customers.

For the personal development of each individual, it is important to learn how to admit your faults and thus become a better person owing to that. The people who regard every failure as a new opportunity and constantly seek for improvement are the people who embody the IKEA concept.

3.1.9. Most things still remain to be done. A glorious future!

The essential elements of all progress and development are together the humbleness, will-power, and strength of each individual. These features guarantee a long successful life of the company or any other business.

A successful company is not a company that has quickly reached its goals without any serious problems. A successful company is the company that is still on the way, the company that does not give up after several failures, the company that is constantly finding new goals to accomplish and keeps on developing.

3.2. Marketing strategy of IKEA

A good marketing strategy is an integral part of any successful business. Marketing, in general, is based on the relationship between the company and the customer. Its aim is to seek out new customers, retain the existing customers by satisfying their needs, and make a profit at the same time.

One of the shortest definitions of marketing is “meeting needs profitably.”²⁶

IKEA, as a globally known brand and currently the largest furniture retailer in the world, certainly has brilliant business and marketing strategies. Therefore, this chapter includes the marketing mix and SWOT analysis of the company, as well as the study of IKEA business strategy.

3.2.1. Marketing mix

Marketing mix is a combination of four basic marketing tools that a company uses to arouse demand for its product or service, also known as “four Ps” (4P): product, price, place, and promotion.

Product in the marketing mix of IKEA:

IKEA offers a wide product range containing all kinds of furniture, household tools, devices, and equipment. The products are made in high quality and are adapted to the needs and interests of the customers. The fresh and simple way of thinking of the company is reflected in the design, colours, and materials used, such as blond woods, natural textiles, and untreated surfaces.

Price in the marketing mix of IKEA:

IKEA's target group is the general public which corresponds to the majority of people with limited financial resources thereby the company offers a wide choice of furniture at very low prices. The combination of good quality and affordable prices of the products is what differentiates the company from its competitors, and it is also the reason its customers have always remained loyal.

Even though the low prices may cause certain doubts concerning the quality of the products, IKEA as a brand and company still has great value. According to *Forbes* magazine, IKEA is currently 3rd most valuable brand in

²⁶ KOTLER, P., & N. (2017). *My Adventures in Marketing: The Autobiography of Philip Kotler* (1st ed.). IDEA BITE PRESS. ISBN 0990576760.

the retail sector in the world and the 39th most valuable brand in general. Its value stands at \$15.3 billion.²⁷

Place in the marketing mix of IKEA:

IKEA is present in 52 countries across the globe, with a total of 433 retail store locations. The IKEA stores are usually located in the suburbs of big cities, with good transport access and a huge parking lot. The stores are typically large in size to provide the best exposure of the products.

Recently, IKEA has modified its strategy and adopted a new store model. The new stores are noticeably smaller compared to regular IKEA stores. They are located in the city centres, and display only a limited range of products.

Promotion in the marketing mix of IKEA:

IKEA as a consumer durable brand uses all forms of promotion. However, concerning its pricing structure and popular brand name, the company concentrates the most on sales and trade promotions (price discounts, coupons, festival promotions, etc.). "IKEA also uses ATL medium like Newspapers, Television as well as Digital media. The print advertisements of IKEA are known to be smart and to the point which grabs customer attention."²⁸

3.2.2.SWOT analysis

The SWOT analysis reveals the company's internal strengths and weaknesses and highlights the potential opportunities and threats of the company's development in the external environment.

Strengths in the SWOT Analysis of IKEA:

- Established company with a good reputation in the market

²⁷ The World's Most Valuable Brands. Forbes [online]. Available at: https://www.forbes.com/powerful-brands/list/#tab:rank_header:brandValue_sortreverse:true

²⁸ Marketing mix of Ikea - Ikea marketing mix. Marketing91 - Marketing blog for students and professionals [online]. Copyright © 2020 Marketing91 All Rights Reserved [cit. 17.07.2020]. Available at: <https://www.marketing91.com/marketing-mix-of-ikea/>

- Effective marketing strategy
- Strong brand recognition
- Wide range of products and styles
- Cheap and affordable prices
- Democratic design
- Wide range of additional services – restaurant, playroom
- Inspirational showrooms in department stores
- Friendly environment
- Quality customer service
- Loyalty program – IKEA family
- Good transport accessibility

Weaknesses in the SWOT Analysis of IKEA:

- Negative brand image in several countries – Russia, Israel (Jewish community)
- Control for standards – low prices vs. good quality service and high product performance
- Relatively low locations
- Store layout – maze, confusing, crowded
- Mass-production – loss of originality
- Website
- High shipping costs when ordering online

Opportunities in the SWOT Analysis of IKEA:

- Increase online sales and internet presence
- Improve the advertisement among young people – social media
- Expansion to more cities in the world
- Untapped markets (Midwest, Middle East, Asia)
- Environmental friendly activities
- Constant innovation of technology

Threats in the SWOT Analysis of IKEA:

- Great current competition

- Increasing customer demands
- Zero barriers to the output of employees and customers
- Economic factors – changing laws and tax policies
- Internet – online shopping

This SWOT analysis is based on the interviews with the IKEA customers, on comparison of other SWOT analysis of the company²⁹, and in particular on my own experience with IKEA.

3.2.3. IKEA business strategy

The combination of IKEA's global and online presence is undeniably massive. According to its website, it brought up \$45 billion retail sales, 1 billion store visits, and 2.8 billion online visits in 2019³⁰. A major reason so many people choose IKEA is its price point – the IKEA brand is sleek, minimal, and affordable, therefore it meets the needs and tastes of the majority of people. To study IKEA's business strategy closely, I visited its retail store and listed several reasons which differentiate IKEA from its competitors.

The layout – The IKEA stores are designed as a maze. The entrance and the exit are usually located right next to each other, and there is a one-way system through the whole store that the customers should follow, thus they are basically forced to see the maximum of the products.

The showrooms – The products are exposed in a form of inspirational showrooms, which are designed to make customers stop, get inspired, and buy more than they initially planned. IKEA allows its customers the pleasure of discovery, but at the same time, it gives them a sense of comfort and familiarity. By putting mirrors everywhere in the store, IKEA makes its customers feel as they belong in. The company also uses white colour through the whole store – white walls, white cupboards, white tables, etc. The notion of

²⁹ SWOT Analysis of Ikea - Ikea SWOT analysis and company analysis. Marketing blog for students and professionals [online]. Available at: <https://www.marketing91.com/swot-analysis-ikea/>

³⁰ IKEA Facts and Figures 2018 - IKEA. IKEA.com – International homepage – IKEA [online]. Copyright © Inter IKEA Systems B.V. 1999. Available at: https://www.ikea.com/ms/en_JP/this-is-ikea/facts-and-figures/index.html

spotless white symbolizes purity, simplicity, and clutter-free – the aspects many people aspire for their home.

The “open-wallet items” – These are the items, such as a nightlight or a toilet brush, that are usually displayed right behind the entrance, and they are so cheap that the customer has no chance to resist. Once, a customer buys one of these products, he has opened his wallet and is very likely to buy more.

The exhibition of the products - Some of the extremely cheap pieces of furniture, for example, a tacky sofa or a bookcase that is not very well designed or has poor quality are usually exposed right next to the ones with excellent design and quality which are obviously more expensive. The customer naturally chooses the more expensive product because of its better qualities, believing he did so independently. He then leaves the store, impressed by the low price he saw at the beginning, thinking it is extremely cheap.

The food – Shopping, especially in retail, is considered an exhausting activity, because the brain has to process a lot of information. Thus IKEA has a plan to keep its customers energized, it recognizes that customers need sustenance to keep shopping. The restaurant is located right in the centre of most stores, serving up Swedish specialties. There is also a little bistro, placed near the exit, offering sweet and salty snacks. From the psychological point of view, the food reduces the stress from the payment, and therefore the customers leave the store with a memorable experience, not being overwhelmed by how much money they spend there.

IKEA is currently making some necessary changes to its business model, by investing in its online presence, delivery services, and opening smaller stores.

The aim of these strategies is more or less the same. It is to impress the customers with extremely low and breathtaking prices of certain products, which entices them to buy more than they need and makes them think that the store is generally cheap.

3.3. The leadership of Ingvar Kamprad

Ingvar Kamprad was a man who practically started from nothing, but with a strong will and determination created an extremely successful brand and in 2007 became one of the 10 richest people in the world, with the net worth of \$33 billion.³¹ Therefore in this chapter we are going to focus on his leadership methods.

Leadership is a topic with universal appeal, which can be conceptualized and defined in many ways. In a book *Leadership: Theory and Practice* by Dr Peter G. Northouse, leadership is defined as: “a process, whereby an individual influences a group of individuals to achieve a common goal.

Because both leaders and followers are part of the leadership process, it is important to address issues that confront followers as well as issues that confront leaders. Leaders and followers should be understood in relation to each other.³²

There are many different leadership theories that study the qualities or behavioural patterns of the leaders and their leadership approach. Some of them are based on situation, environment, action, while others are based on the decisions-making-process or the personality traits of the leaders.

Ingvar Kamprad is the perfect example of transformational and charismatic leader, whose leadership is based on the relationship with his employees, and IKEA is the perfect example of a successful family business. Therefore this chapter is divided into two subchapters called *The IKEA family* and *Leading by example*.

3.3.1. The IKEA family

Ingvar Kamprad always commenced the speeches to his co-workers and employees with a heartwarming phrase “Dear IKEA family, a great hug to you all”, since the times when he was talking to seven employees on his farm

³¹ Ingvar Kamprad & family. Forbes [online]. Available at: <https://www.forbes.com/profile/ingvar-kamprad/#39e87d2517f4>

³² NORTHOUSE, Peter Guy. *Leadership: theory and practice*. Seventh Edition. Los Angeles: SAGE Publications, 2015. ISBN 978-1-4833-1753-3.

to the times when he was employing thousands of people all around the world. He always considered his employees a part of his own family and that is why he always received support from them even through the tough times.

During the company's heyday, his home basically became his office, and each person who once started working for IKEA became a member of his family. Ingvar's parents and other members of the family were also helping with the business, his father was keeping the daily accounts and his mother was making coffee. His family basically became his company, so it is not strange that in the future he regarded the company as his family.

"The firm as a family became Ingvar's great pride. In the name of the family, the IKEA spirit was created, something that later was to become the subject of a doctoral thesis and profound analyses by Harvard professors. Today the spirit of the IKEA family still lives in the business concept taught in the training program called the IKEA Way. It is practised, according to the promise participants make at the end of the seminar, in everyday life as well; wherever Ikeans go in the world, they will be looked after. It is the extended family working."³³

Even the customers became in a way part of the IKEA family. The members of the *IKEA family* customer club, as owners of IKEA loyalty card, receive the advertisement catalogue every year and are offered free coffee and special discounts to certain products in every IKEA store they visit.

3.3.2. Leading by example

"If there is such a thing as good leadership, it is to give a good example. I have to do so for all the IKEA employees." - Ingvar Kamprad

This quote by Ingvar Kamprad is a clear illustration of his leadership values and practices that are applied in IKEA even to this day.

However, it may seem hard to understand how such a frugal man as Ingvar Kamprad, who was known to habitually fly the economy class, drive an

³³ TOREKULL, Bertil and Ingvar KAMPRAD. *Leading by design: the IKEA story*. New York: HarperBusiness, c1999. ISBN 0066620384.

old Volvo car and use public transport, was able to manage such a large company as IKEA. The answer is relatively simple. It was primarily his ingenuity and hard work that set a great example and became an inspiration for most of his employees.

Johan Stenebo, one of the Ingvar Kamprad's assistants, closest collaborators, and a key IKEA director, described his collaboration with Ingvar and his way of leadership in the book *The Truth about IKEA*: "I have never met a man with more patience. I have also never met a person who is more aware of how he is considered by his surroundings and who uses it as an important tool to obtain power. He is brilliant at standing in the background and allowing others to speak, even if he dislikes what he sees. But he seems to know exactly when and how he must intervene in the decision process in order for the correct path to be maintained."³⁴

Ingvar Kamprad certainly had the right personality traits of a good leader. He had an excellent memory and incredibly good communication and discussion skills. He remembered the name of each person he worked with and, furthermore, he remembered their background, reputation and what precisely they had said in which particular meeting. He knew literally everything about IKEA, down to the smallest detail: prices, materials, range, design. "He listened, asked, argued, turned things around. He was capable of moving back and forth between details and guiding principals like no one else. If the discussion became heated or if he was opposed, he never lost his temper."³⁵

His memory stored and processed prices of raw materials and exchange rates and converted units of timber to cubic meters at an incredible speed. For example, within a few seconds, he was able to calculate how much a pine exported from Russia, glued and refined in Poland, would cost in the Swedish market. This mathematical operation included "a conversion of at least three currencies, requires knowledge of transportation routes, and prices over four

³⁴ STENEBO, Johan. *The truth about IKEA: the secret behind the world's fifth richest man and the success of the flatpack giant*. London: Gibson Square, 2010. ISBN 1906142750.

³⁵ Ibid.

borders, labour and cost of labour in two countries for three different production operations, as well as the cost for each stage of the refinement process.”³⁶ To a regular person, a calculation like this would take hours to work out.

Ingvar Kamprad was a person full of contradictions and very difficult to really understand. Even though he was considered as a serious businessman, he had supposedly a great sense of humour and according to his co-workers, he was an amazing boss, a unique persona, and a pleasure to work with.

The way how Ingvar Kamprad managed to successfully run so many stores in so many different countries, is absolutely impressive. Even at his latest years, he used to travel to the most important regions all over the world and observed the workers and manufacturers directly on the factory floor, and based on his observations he then came up with substantial innovations and improvements. It was his unconscious desire for improvement, enthusiasm, and determination that made him a brilliant leader.

In conclusion: IKEA is such a popular and unique company undoubtedly due to the combination of all these elements thus it is very difficult to determine the most important one. Nevertheless, it was the personality and approach of Ingvar Kamprad that according to me plays the most important role in the company’s success. His ingenuity, resolution, hard work, and benevolence made him such a great leader and at his time one of the leading entrepreneurs in the world.

³⁶ Ibid.

4 CONCLUSION

The aim of this bachelor thesis was to share the story of IKEA founder, Ingvar Kamprad – the man who created a globally known and adored brand, and the way he became one of the leading entrepreneurs in the world.

The theoretical section concentrates on his early life, the establishment of the company, and the key events of its development. The practical section then analyzes the fundamental elements of the company's success, such as the IKEA concept, the marketing strategy of the company, and the leadership of Ingvar Kamprad, which altogether make IKEA a very successful and unique company.

Nowadays, IKEA is a well-known brand furnishing and decorating households all over the world. For many people, including me, IKEA is basically a synonym to the word *home*. As I am now concluding this Bachelor thesis in my apartment almost entirely equipped with IKEA furniture. Even though I have always adored the simple and minimalistic style of IKEA products, I have never noticed that IKEA plays such an important role in my life – IKEA furniture forms an essential part of my home.

I am personally very interested in interior design and architecture, therefore I find the story of IKEA extremely impressive. Despite, or rather owing to, its enormous popularity, IKEA may be considered as a huge possessive corporate company. However, after reading several books and articles about the history of the company and its founder Ingvar Kamprad, I may say that I am now convinced otherwise. IKEA started as a family business and in a way, it remained so. It is just a matter of point of view.

5 RESUMÉ

Cílem této bakalářské práce je sdělit příběh zakladatele společnosti IKEA, Ingvara Kamprada - muže, který vytvořil globálně známou a oblíbenou značku, a to jak stal se jedním z nejúspěšnějších podnikatelů světa. Teoretická část je zaměřena na jeho raný život, vznik společnosti a klíčové události jejího vývoje. Praktická část pak analyzuje základní elementy úspěchu společnosti, mezi něž patří: koncept společnosti IKEA, její marketingová strategie a způsob vedení Ingvara Kamprada, díky čemuž je IKEA dnes tak populární a jedinečnou společností.

6 ABSTRACT

The aim of this bachelor thesis is to share the story of IKEA founder, Ingvar Kamprad – the man who created a globally known and adored brand and the way he became one of the leading entrepreneurs in the world. The theoretical section concentrates on his early life, the establishment of the company, and the key events of its development. The practical section then analyzes the fundamental elements of the company's success, such as the IKEA concept, the marketing strategy of the company, and the leadership of Ingvar Kamprad, which altogether make IKEA a very popular and unique company.

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8 APPENDICES

Ingvar Kamrad at the opening of the first IKEA store in Älmhult, Sweden.



<https://sweden.se/business/ingvar-kamrad-founder-of-ikea/>

IKEA advertisement catalogue:



<https://montco.today/2017/08/ikea-2018-catalogue-make-room-life-aims-maximize-customers-living-space/>

Flat parcels – self-assembly furniture:



<http://greedegellc.com/posts/transportation-another-carbon-footprintreduction-ppportunity>

IKEA logo:



<https://www.aktualne.cz/mexico-ikea/r~9f394876314b11ea88f50cc47ab5f122/r~i.wiki:1938/>

IKEA food (photos by me):



IKEA print advertisements:



LAMPAN
Table lamp,
pink
SR 15
It's that affordable.

LACK
Coffee cups,
white
SR 59

MILK
Toothpaste,
white
SR 119

FJELLESE
Bed frame,
blue
SR 155
It's that affordable.

Have you ever thought about how much you spend on Coffee every week? By asking ourselves questions like that, we came up with a campaign that reminds the public that beautiful Scandinavian design is as affordable as a it gets at IKEA. And its customers can buy stylish new furniture for as little as a few cups of coffee, some toothpastes or a pack of soda cans.

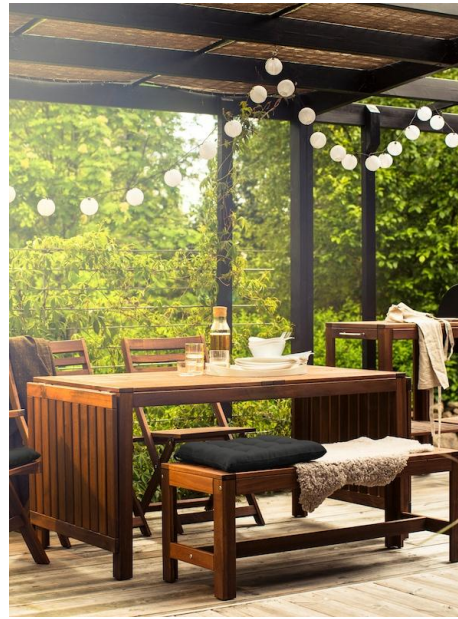
<https://www.adforum.com/talent/58381-luiz-vicente-simoes/work/34523000>

The layout of a typical IKEA store:



<https://www.businessinsider.com/former-ikea-boss-reveals-the-trick-to-going-through-a-store-in-5-minutes-2016-6>

IKEA products and furniture:



<https://www.ikea.com/cz/cs/>

Ingvar Kamprad:



<https://www.thetimes.co.uk/article/obituary-ingvar-kamprad-s6rpfjfxm>

My sketches of IKEA department stores:

