

BUZZWORTHY



Are you feeling the buzz?

Client:



I.) Company:

IKEA is a successful home furnishings store that offers a wide variety of very affordable products with a unique store layout. IKEA's vision is: "to create a better everyday life for many people." The company's business idea coincides with their vision by "offering 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." IKEA's logo is blue and yellow which are the colors of the Swedish flag. The company has Swedish heritage and roots.

Pictured: Swedish Flag



Ingvar Kamprad started the company in 1943 at the age of 17. The funds he started the business with were a gift from his father for doing well in school. The name was sprung from his initials "I.K." and then he added the "E" and the "A" from the words Elmtaryd and Agunnaryd, which was the farm he grew up on as a child. IKEA originally sold pens, jewelry, stockings, watches, picture frames, wallets and other assorted items that met the needs of his customers as well as being sold at lower prices.

Today, IKEA is a massive global retail brand that is very well known and established. The company generates annual sales of more than 23.1 billion EURO, which is about \$31.90 billion U.S. dollars. All of the IKEA stores are operated under the franchise Inter IKEA Systems B.V. The company had IKEA stores in more than 38 countries in August of 2010 and 280 stores in 26 countries that were owned by the IKEA Group during that same time period.

IKEA's top five sales countries are: Germany with 16%, the United States with 11%, France with 10%, UK with 7%, and Italy with 7% accounting for their top sales. The company's sales per region are 15% sales accounting for the North America region, 5% for the Asia and Australia regions, and 80% for Europe.

IKEA's top five purchasing countries are: China with 20%, Poland with 18%, Italy with 8%, Germany at 6%, and Sweden at 5%. The company's purchasing per region is 3% accounts for North America, 30% accounts for Asia, and 67% is from Europe. IKEA has around 1,220 suppliers in about 55 different countries. The business also has 31 trading service offices in about 26 different countries as well.

IKEA has distribution centers in 16 countries, 28 of which are IKEA's distribution centers and 11 of which are customer distribution centers. The IKEA Group has around 123,000 co-workers which are in different areas such as: purchasing, distribution, range, retail, whole-sale, support functions, and the Swedwood Group. The Purchasing, distribution, wholesale, range and other categories make up 13,800 co-workers. The Swedwood Group makes up 15,000 co-workers and the Retail segment is made up of around 94,200 co-workers.

The Swedwood Group is within the IKEA Group companies and is an industrial group that produces products for IKEA. The Swedwood Group establishes and operates their own sawmills and creates furniture units to guarantee the fabrication volume for IKEA.

IKEA's first print advertisement was created by the founder Ingvar Kamprad and was printed in local newspapers in 1945. The Ad was a result of Ingvar not being able to keep up with sales calls to individual people so he created a mail-order service and utilized the print advertisement to accomplish this. In 1951, the first IKEA catalog was published because the founder wanted to sale his furniture to a much greater extent by using his catalog. In 2010, 198 million copies of the IKEA catalog were printed and in 27 different languages.

In 1997, IKEA launched its Web site, (www.IKEA.com) and the company is able to reach new markets. In 2000, IKEA launched its Web site for E-shopping in Sweden and Denmark. Now many countries and markets are able to shop online at IKEA. In 1960, the very first IKEA restaurant was opened in Almhult, Sweden. In 2006, the IKEA food label is launched and it covers about 30% of the products in IKEA's food collection. The food is based on Swedish recipes, traditions, and low prices. Not only is the food served in the IKEA restaurants, but it is available for purchase at Swedish Food Markets in IKEA stores as well.

IKEA prides themselves on their children friendly home furnishings line and having affordable prices for all their products and home furnishings. The company "...focuses on maximizing the use of raw materials and production adaptation to meet people's needs and preferences..."

IKEA received the international award for their Varde Kitchen line in 1999. The company launched their code of conduct in 2000 called "The IKEA Way." In 2002, the IKEA Group and the WWF, (a global conservation organization) teamed up to help promote responsible forestry practices and projects and the two continue to work on projects together today. The IKEA Group has made several large donations to different charities and organizations around the world to help less fortunate people, earthquake victims, as well as children. In 2004, the IKEA Group published their first environmental report that is available for the public to view on their Web site and it gives customers and others access to important information as well as facts and figures about the company.

The large stores with amazing showrooms demonstrate how the company draws customers in and lets them have hands on experience with merchandise and often "try" before they "buy." Most IKEA stores offer a restaurant as well as a kid's play area. IKEA has made their stores more of a shopping experience and has found ways to keep customers coming back as well as staying in their stores longer.

IKEA is a strong and well-known global brand. The company focuses on designing products and home furnishings that are functional, quality made, and at an affordable and reasonable price. IKEA utilizes renewable resources and materials and has made long-term relationships with their suppliers and using smart production processes and practices. IKEA utilizes new technology to their advantage and has taken responsibility for their "carbon footprint" by implementing socially responsible practices and teaming up with organizations that help to protect and conserve the environment.

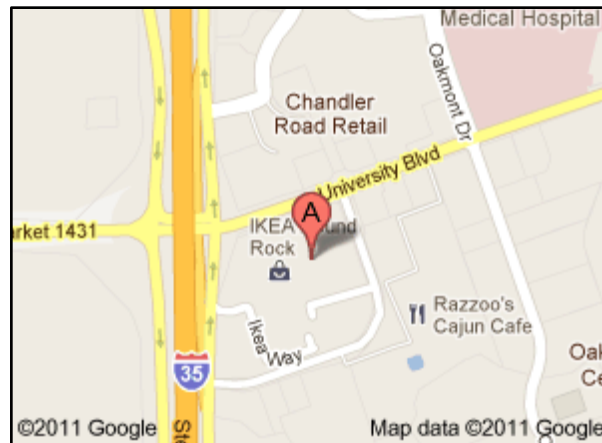
IKEA Round Rock is located about 20 miles north of Austin, Texas and it is on 21.5 acres of land next to Interstate Highway 35 at University Boulevard. IKEA Round Rock opened in November of 2006 and was 252,000 square feet in size. The company announced at the beginning of October 2011 that they will be expanding the store and by the summer of 2012 the IKEA store will be 306,000 square feet in size. The IKEA Round Rock store's customer base and sales continue to grow and the warehouse section of the

store is less than ideal due to the growth. An additional three-level parking garage will be built as well, because the store expansion will take up more space and the store wants to keep the 1,200 parking spaces available for this store. The Round Rock IKEA store offers 41 different room-settings, a supervised children's play area, and a product picking and delivery service, The Exit Bistro and the Swedish Foodmarket. The company planned to launch the IKEA Family loyalty program at this location in October 2011 as well.

IKEA Logo:



IKEA Round Rock Store Location: 3701 North Interstate 35, #: 1 IKEA Way, Round Rock, TX. 78665



II.) Consumers:

IKEA values their customers and hopes, like any store, that their customers will come back. They do this by making each visit fun and enjoyable. One of the unique characteristics IKEA has is their maze layout. While most people (young and old) get a thrill out of playing hide-and-go-seek in IKEA, the layout is designed to keep customers inside as long as they can. The theory is that while following a zigzag trail between displays of minimalist Swedish furniture, a disorientated IKEA customer feels compelled to pick up a few extra impulse purchases. Customers pick up items and put them on their cart because they know they won't be able to go back and get it. One of the biggest questions often asked is why people wait such long lines to purchase furniture that needs assembly? IKEA has their consumers playing a role in designing their own products; researchers call this the "IKEA Effect". Consumers value things more when their own effort is required to build them. There is enjoyment in showing off your "creations" to others. This overvaluing holds even for consumers who don't profess an interest in build-your-own.

IKEA is very adamant about maintaining its current relationships with their customers with 'radical customer service' whether they are individual consumers or businesses. On websites like Yelp.com, the average amounts of customers are responding to IKEA's customer service as exceeding their expectations. IKEA also has a customer service page on their website for FAQs, information about all of their services, and even a "how to shop" at IKEA guide! Potential customers are first time home buyers, anyone looking to remodel or redecorate. Because IKEA has such a strong relationship with their customers and co-workers, a lot of their business is due to word of mouth. IKEA's demographics for the US are at a very high range. Thanks to quantcast.com, I found that Caucasian females between the ages of eighteen and fifty are their biggest consumers.

IKEA carefully strategizes where to build their next location. They look for the following: supply youth population, large groups between the ages of 25-45, convenience of access for nearby potential shoppers. For IKEA's psychographics the average consumer that visits ikea-usa.com also reads Southern Living and This Old House magazines, and watch TV shows like HGTV. A large portion of IKEA's consumers are looking for hip furniture that still remains fairly inexpensive. As far as Geographic's, IKEA's 'mega factories' are located in largely populated suburban areas and rapidly growing cities.

III.) Competitors:

It seems the perceptions of bloggers and business advisors alike agree that IKEA has done an impressive job eliminating competitors in the field of affordable and contemporary living. Similar to Wal-Mart, IKEA has done this by offering products at unmatched low prices due to high efficiency production. However, they have maintained a positive image (for the most part) while doing so by sourcing labor fairly and giving appropriate wages to workers. Although IKEA offers a range of products, their primary competitors are in the home furnishings retail industry. However, finding a direct competitor to IKEA in America is difficult because the company has successfully eliminated competition on their level, while in a way creating a sector of the market that is occupied by no one, but IKEA. From research we have gathered, the secondary competitors for IKEA include: Rooms-To-Go, Pier 1 Imports, and Target. These four retailers share similar target and current customers, as well as operating within the same price range. Next, I will compare the strategies and level of competition for each opponent.



Rooms-To-Go:

Strengths: Rooms-To-Go understands the full-schedule style of living for the modern American family, therefore pulling in customers who desire lower-involvement furnishings. This convenience-oriented business strategy is pulling customers from IKEA, which has created with many consumers a perception that assembly of products is timely and difficult. Rooms-To-Go offers a variety of options for interior living. Their primary selling point to pull in consumers is the sets of furniture, which provide convenience.

Weaknesses: Styles offered by Rooms-To-Go are not as varied as IKEA. With a lower level of selections, Rooms-To-Go misses out on certain consumers with a more creative outlook. This missed opportunity leaves Rooms-To-Go in a stagnant market, where consumers will likely purchase big ticket items, like reclining chairs or a bedroom set, once or twice a decade at most.

Opportunities: Rooms-To-Go caters to broad market- families. In order to draw in more consumers, Rooms-To-Go should become more specific with their advertising to target their ideal market. Also, the lay out of their store is intimidating because of its size. Though the assembly of their bedroom sets is easy, selecting a set is not. This could be improved to enhance store image.

Threats: Because IKEA offers a wider variety of products and styles than Rooms-To-Go, they will remain the preferred retailer. With other retailers, like Target, entering the home furnishings market, Rooms-To-Go will need to continue establishing their brand to differentiate from other convenience-oriented retailers.



Pier 1 Imports:

Strengths: Pier 1 Imports caters to the creative consumer, offering helpful inspiration and up-to-date trendy products. If a consumer is searching for quality, it can be assumed that Pier 1 Imports would be the primary choice, over IKEA. Pier 1 offers help with design; they go beyond the average furniture retailer.

Weaknesses: Brand image for Pier 1 is weak. Advertisements are vague on informing consumers who Pier 1 is. This can be detrimental to the success of Pier 1 Imports. Although their inventory has satisfied consumers and bloggers alike, Pier 1's perception in the market place is dull.

Opportunities: Playing into the experience of design is an opportunity for Pier 1 to deepen customer loyalty. Camps or classes could be offered in store for free.

Threats: Pier 1 offers higher end furniture at high-end prices. With the current state of the US economy, quality is less of a priority. Consumers are looking for styles at affordable price points. Unless Pier 1 Imports offers deals to pull in consumers on a budget, they will continue to walk on thin ice.



Target:

Strengths: With increased investments of time and money in design of home furnishings Target has succeeded in creating fun, affordable, and on-trend design. Not only does Target offer products that show a connection to their customer basis, the retailer has also built and maintained a positive image with the community by donating a percentage of income to local projects. Because Target offers a wide range of products, convenience is the retailer's strongest trait.

Weaknesses: Many consumers do not consider Target when shopping for home décor, rather they purchase decorative items on impulse. In order to create a secure customer basis for home furnishings, Target needs to strengthen marketing.

Opportunities: Online shopping for furniture would save money and time in Target stores and allow consumers to compare prices- enhancing convenience. Because Target is already a trusted brand, increasing sales in home décor is nearly expected with proper marketing. Also,

contracting designers for Target's apparel selection has proven successful. This is a possible route for Target's home goods department.

Threats: Both IKEA and Target operate under the same price range. Currently, IKEA is Top of Mind for low cost and low involvement home décor and home furnishings. If we can sustain a positive image amongst the Austin community, IKEA will be a threat to Target's home furnishings department.

IV.) Climate:

Recently, The Central Texas fires have left thousands without homes and property. The IKEA Round Rock location could contribute with local Volunteering Associations and Neighborhood Groups such as HBA of Austin and Red Cross. Donations of food, clothes, and home rebuilding have taken place. This would be the golden opportunity to show appreciation to the ones who would need the help, and to keep a based relationship with the regular customers.

IKEA could donate refurbished furniture, which has been sent back to the company from being damaged or returned. This process seem like it would affect the business side of IKEA but wouldn't hurt the under stock at all, more than less would increase their sales from normal customers who agree with the Donations. Events like these make big impacts into small communities. IKEA plans use their customers as a tool to spread the word about the cut down use of carbon. IKEA wants to reduce carbon dioxide emissions from all aspects of our operations from how raw materials are extracted to how our products are manufactured, transported, to how we heat, cool and light our buildings, to how people are transported to and from our stores; from the use of our products in customers' homes; and finally at the end of a product's life-cycle. This is a great challenge, but IKEA is making progress.

V.) Competitive Advantage:

Competitive advantage is a firm's ability to transform inputs into goods and services at a maximum profit on a sustained basis, better than competitors. IKEA soon gained a competitive advantage over its competitors: they were able to offer affordable furniture through cost-cutting and close supplier relations while placing an emphasis on the design process. They also added customer value though display stores that offered amenities such as restaurants, child playrooms and grocery stores. Each store also offered a wide range of home furnishing products to complement their furniture product lines. IKEA has since grown to be a large multinational company that can boast to be the largest seller of specialized furniture seller in the world.

IKEA collaborates with nonprofit organizations such as Greenpeace and the World Wildlife Fund (WWF). Together they jointly funded a global forest watch program that maps intact natural forests worldwide.



VI.) Collaboration:

IKEA usually has a trade area of around 40 to 60 miles. The company's typical customer usually spends two to three hours in the store. Famous Footwear in Round Rock is located at 201 University Oaks Boulevard, which is 0.03 miles away and almost directly across the street from the IKEA Round Rock store. Famous Footwear offers a variety of brands such as: Nike, Puma, New Balance, Steve Madden, DC Shoes, Sketchers, Converse, Adidas, Dr. Scholl's, K-Swiss, Reebok, Roxy and many others. Famous Footwear has around 950 stores nationwide and their Web site says they are "...the leading consumer-driven footwear company in the country." The shoe company's Web site also states "...we're committed to providing you with the brands you demand at prices you deserve."

The Famous Footwear Web site states "Wearing the right shoe helps you make the most of every day." Sometimes wearing shoes around and trying them out is what it takes to figure out if the shoes can outlast your busy day or lifestyle. Also, when you just try on a pair of shoes and do not actually walk around in them you usually end up returning the shoes because they hurt your feet, they were not what you expected, they could not keep up, and for whatever reason; in the end you return the shoes. Why not try the shoes and then buy the shoes? Famous Footwear could take shoes people typically walk and work in to the IKEA store and let people "try before they buy" and walk around the maze-like and massive IKEA store in the shoes. If the customer likes the shoes they can purchase them through Famous Footwear and IKEA can give away promotional coupons or discounts for their products if a customer participates in the "try before you buy" collaboration with Famous Footwear. One of the discounts IKEA offers could be a coupon for the stores restaurant on their healthier choices. Some of the healthier choices at the IKEA restaurant are the Chicken Caesar Salad, Vegetarian Crepes, or their new Najad salmon dish.



MAKE TODAY FAMOUS.

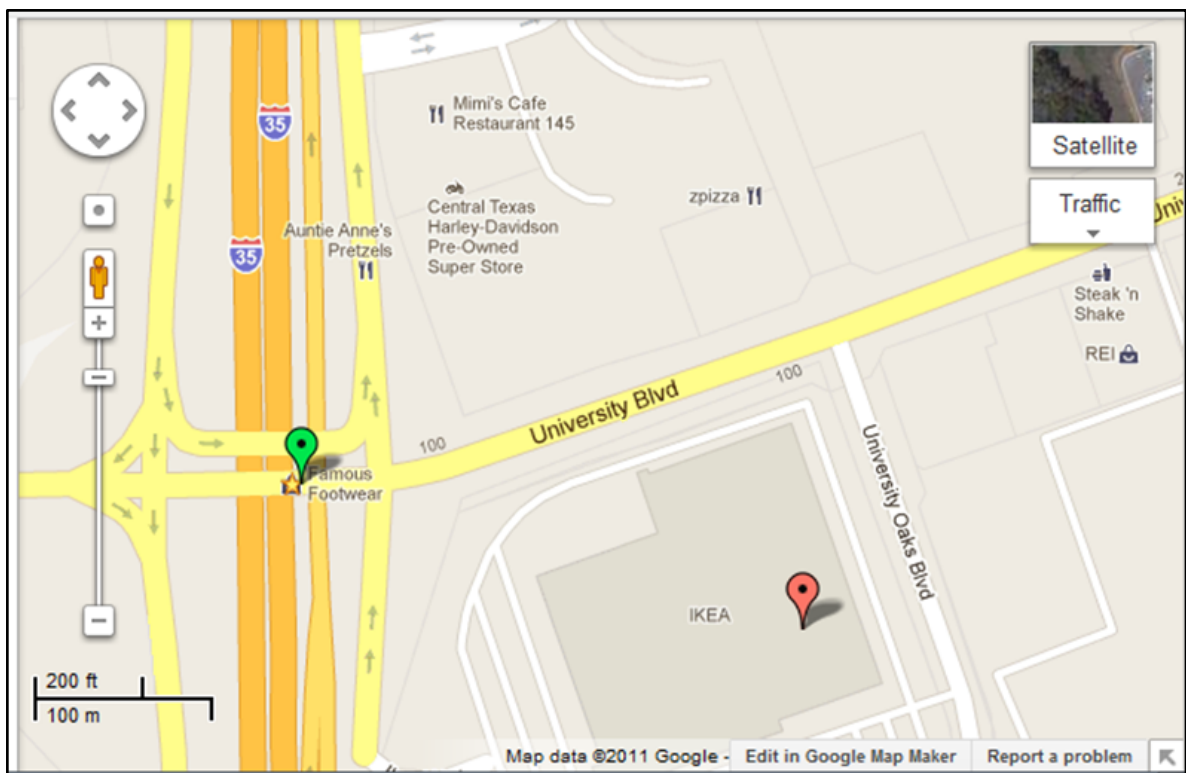


This tactic could produce more business for IKEA as well as Famous Footwear. It is out of the ordinary and the two stores are in close proximity of one another. If the customer decides against the shoes after they are done walking through IKEA then Famous Footwear can offer a discount on a different pair of shoes they offer at their store. The IKEA store is like a maze and a typical shopper will usually spend over two hours in the store so the people trying out the shoes will most likely find items they are willing and eager to purchase.

Both stores could do online promotions as well as advertisements in the various area newspapers. Famous Footwear has a section on their Web site for store events and could add this collaboration with IKEA to it. Well placed flyers in both stores as well as customer e-mail alerts could be options to advertise and promote the event. IKEA as well

as Famous Footwear advertise their low prices and with both companies working together they could ultimately bring in and generate more business, location recognition, as well as do something out of the ordinary and attention grabbing. It would be an unusual and most likely successful event for both companies.

*Map of the IKEA & Famous Footwear Store Locations in Round Rock, TX.
IKEA is about 0.03 miles away from Famous Footwear and within walking distance.*



SWOT Analysis:

Strengths:

The strengths of a company are the advantages and unique resources their organization that adds value to their products and services. IKEA has taken into consideration both internal perspective, and the point-of-view of their customers. IKEA's strengths include:

- a strong global brand which attracts key consumer groups and promises the same quality and range worldwide
- a clear vision 'to create a better everyday life for many people'
- strong concept based on offering a wide range of well designed, functional products at low prices
- 'Democratic design' which balances function, quality, design, and price. IKEA's cost consciousness makes sure that low prices are taken into account when each product is designed.

In addition to having special marketing *techniques*, IKEA uses Key Performance Indicators (KPI) to measure its performance. KPIs show how IKEA is making progress towards its vision with such statistics as Average Dollars per Sale (ADS) or Items per Customer (IPC). IKEA also has strengths throughout its production process, such as:

- increased use of renewable materials in production
- 'smarter' use of raw materials with less waste; Volume commitments (creating long-term partnerships with its suppliers therefore, by buying large volumes over a number of years IKEA can negotiate lower prices)
- long-term partnerships with suppliers
- economies of scale (buying raw materials in bulk at cheaper unit costs)
- delivering products directly from the supplier to IKEA stores (cuts handling costs, road miles, and lowers the carbon footprint)
- new technologies

Weaknesses:

IKEA has to acknowledge its weaknesses in order to improve and manage them. This can play a key role in helping it to set objectives and develop new strategies. By recognizing what kinds of consumers are the weaknesses and what to avoid they develop strategies for improvement. IKEA's weaknesses might include:

- The size and scale of the business: This could make it hard to control standards and quality. Some countries where IKEA products are made do not implement the legislation to control working conditions. This could represent a weak link in IKEA's supply chain, affecting consumer views of IKEA's products. The IWAY code is backed up by training and inspectors visiting factories to make sure that suppliers meet its requirements. In addition, there is the need for low cost products. This needs to be balanced against producing good quality.
- Need to differentiate itself and its products from competitors. IKEA believes there is no compromise between being able to offer good quality products and low prices.
- IKEA needs to keep good communication with its consumers and other stakeholders about its environmental activities. The scale of the business makes communication a difficult task. IKEA produces publications in print and carries out major TV and radio campaigns to enable the business to communicate with different target audiences.

Opportunities:

A business uses its strengths to take advantage of the opportunities that arise. IKEA believes that its environmentally focused business conduct will result in good returns even in a price sensitive market. Some examples of opportunities for IKEA include:

- IKEA takes advantage of the newly growing demand for greener products and services, and the continual demand for low priced products due to the trends in the current financial climate.
- IKEA has a number of areas of focus to its work with sustainability. IKEA provides solutions for a sustainable life at home with tips and ideas on their website. They also have a sustainable use of resources by aiming for a zero waste to landfill, wastewater treatment, and programs to reduce its use of water.
- IKEA aims to reduce their carbon footprint by reducing energy use and using renewable energy, and by cutting their use of air transport and reduce packing. IKEA is also adopting social responsibility by the support for charities such as the World Wildlife Fund (WWF), UNICEF, and Save the Children.
- IKEA builds trust through good communication with consumers, co-workers, key opinion former, and the press. Being sustainable is a central part of IKEA's image.

Threats:

If a company is aware of possible external threats, it can plan to counteract them. By generating new ideas, IKEA can use a particular strength to defend against threats in the market. Threats to IKEA may stem from a few key factors such as social trends, market forces, and economic factors.

- Social trends such as the slowdown in first time buyers entering the housing market, is a core market segment for IKEA products.
- Market forces are more competitors entering the low price household and furnishing markets. IKEA needs to reinforce its unique qualities to compete these.
- Economic factors such as the recession, slows down consumer spending and disposable income reductions.

IKEA addresses these issues in many ways. It manages weaknesses and threats to create a positive outcome. In order for IKEA to manage the social trends, IKEA is building online help to guide customers to a more sustainable life. Here it can focus on home improvement in the slowing housing market. It supports customers with tips and ideas on its website to reduce their impact on the environment. This will also save them money. Staffs are trained on sustainability, both on what IKEA is doing and how they can take responsibility to become sustainable for themselves. It is easy for IKEA to get a grip on their market forces. IKEA is large enough to enjoy economies of scale. This lowers average costs in the long run through, for example, better use of technology or employing specialized managers. Economies of scale also give a business a competitive edge if cost savings are then passed on to customers in the form of lower prices. This puts up high barriers to entry for smaller companies entering the market. The biggest role in effecting IKEA is the current economic factors IKEA's low prices create appeal amongst its customers in tough financial times. It is vital to keep prices as low as possible when the retail sector is depressed. IKEA's pricing strategy targets consumers with limited financial resources. Its products will also appeal to those with higher budgets through good quality and design. The company must ensure that it is always recognized as having the lowest prices on the market in the future. Communication also plays an important role here.

Marketing Objective:

Increase store location awareness among the surrounding areas communities and consumers by 5 percent in the next year leading to a 10 percent sales increase at the IKEA Round Rock store.

Target Market:

The targeted market will be men by women ages 18 to 35. Profiles for the targeted market are below:

Michelle: (Female)

Age: 24

Education: Recently graduated with Bachelor's degree in Business from UT

Employment: Works in Human Resources at a local business firm

Marital Status: Single

Kids: No

Pets: Two calico cats

Total Household Income: \$20,000-\$29,999

Interests: During her free time, Michelle enjoys seeing concerts at local venues such as Emo's, Stubb's, and the Mohawk. She shops conservatively at trendy, but affordable apparel retailers like Express and Urban Outfitters. She's enjoys visiting art museums and watching documentaries.

Lifestyle: These "fast fashion" retailers contribute to Michelle's trendy and always evolving sense of style. This is true in her habits of shopping for home décor, as well. Hobbies: On weekday evenings she watches creative, competitive shows like Top Chef and Project Runway and enjoys an active nightlife on weekends in downtown Austin. Michelle also likes to entertain in her one bedroom apartment in South Austin.

Personality Type: Michelle is an innovator. She works hard to maintain her trendy lifestyle and prides herself on her independence. Image is important to Michelle, but as a recent college graduate she shops conservatively to fit her budget.

Michael: (Male)

Age: 28

Education: Graduated at 23 from a St. Edward's with a Bachelor's degree in Communications

Employment: Has worked in sales for Dell the past four years, been promoted twice.

Marital Status: Engaged

Kids: No

Pets: 1 dog - Pit bull/Boxer mix

Total Household Income: \$30,000-\$39,999

Interests: Michael is a maturing young man. He enjoys action films and TV shows about health and fitness. He stays up to date about current affairs by reading articles from NY Times on his iPad.

Lifestyle: Since having his girlfriend recently moved in with him, Michael wants to buy furniture that is more fitting for two people such as coffee tables with storage, an armoire and a larger couch. His goal is to make her feel comfortable in his home so home décor will be frequently purchased to decorate their apartment.

Hobbies: Michael is active and utilizes all of Austin's outdoor activities. On weekends Michael hikes with his girlfriend in Spicewood, kayaks in Town Lake, and jogs around Zilker Park.

Personality Type: Michael is a Thinker. He is mature and responsible, but is biased by his ideals. Although having a secure income, Michael shops responsibly.

Creative Brief:

I. Objective:

The purpose of this campaign is to create more awareness for the IKEA Round Rock store location to consumers in the surrounding areas and communities and acquire more business for the IKEA store.

II. Target Audience:

The target audience will be men and women from the ages of 18 to 30. They will most likely be just starting out on their own and getting their first place. Many will be graduating college or have just graduated. Many of IKEA's consumers are looking for hip furniture that still remains fairly inexpensive.

III. Message Theme:

The message theme will be to inform potential consumers of where the IKEA store in Round Rock, Texas is located. This will be focused towards our target audience. Austin and other towns and communities will be informed also, which in return will cause the IKEA Round Rock store to gain more business.

IV. Support:

If more people knew where the IKEA Round Rock store is located than they will be more inclined to visit the store and make a purchase. Bringing store location awareness to more potential customers will produce an increase in sales and expand the stores customer base.

V. Constraints:

There are government restrictions and local rules and laws that dictate what can be advertised on billboards and on bench displays, bus advertising and taxi advertising. State and local laws, rules and regulations will be researched to ensure advertising material is approved. Advertising companies that billboards, bus displays, etc. are purchased through will be contacted and worked with to create advertisements that are legal and follow all laws and regulations.

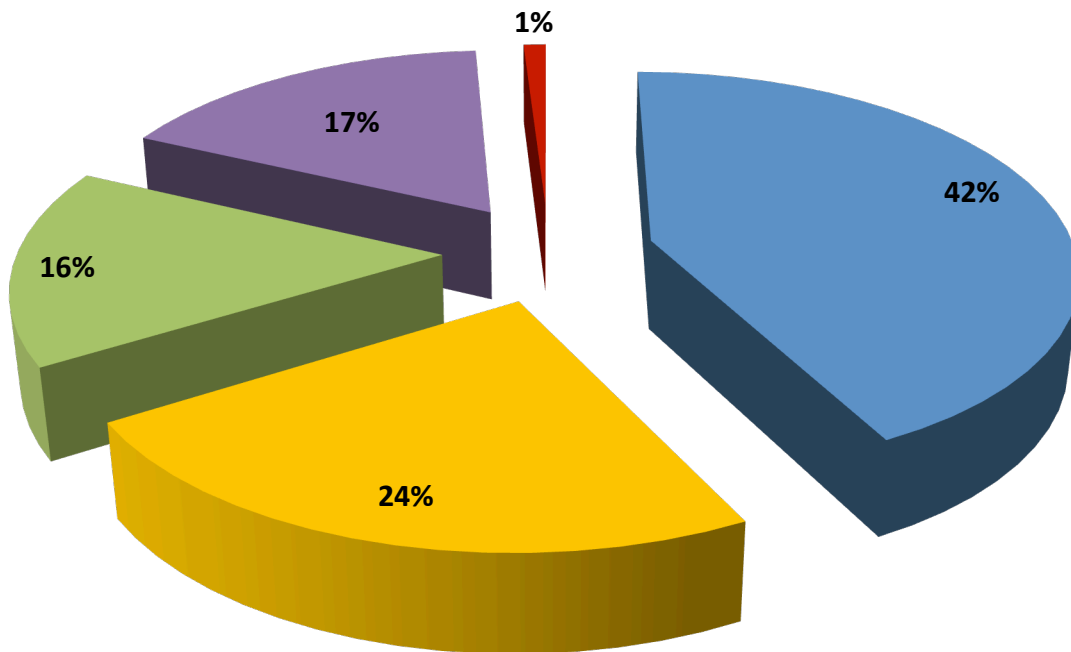
Market Strategies:

Billboards, bus exterior displays, bench displays, and pedicab advertising in the Round Rock and Austin, Texas areas will be utilized to create more awareness for the IKEA Round Rock store location. The proposed advertising budget is \$285,000. IKEA made 23.1 billion Euros in 2010, which is about 30 billion U.S. dollars. As of August of 2010, IKEA had 280 stores worldwide. If you take IKEA's annual sales summary for 2010 and divide it by 280 stores you get about 109 million U.S. dollars. Obviously \$285,000 is an excellent budget for the IKEA Round Rock stores location; the budget will be used over the period of a year.

Bus displays will use \$67,500 of the budget, bench advertising will costs \$45,000, billboards will use \$121,200 and pedicab advertising will use \$48,480 of the advertising budget. These expenses come to \$282,180. The remaining \$2,820 will be used for any unexpected expenses and fees.

Advertising Budget:

■ Billboards ■ Bus Exterior Displays ■ Bench Displays
■ Pedicab Ad. ■ Unexpected Expenses



Marketing Tactics:

The total advertising budget is \$285,000. For examples of advertisement media please refer to the Appendix. The advertisements and promotions for the IKEA Round Rock store will begin in December 2011 and continue until December 2012. The following charts (Charts 1-6), will demonstrate how the advertising strategies will be implemented. It will indicate the costs per advertising method as well as the advertising schedule and time periods.

Chart 1: Billboards – A

<u>Advertising Media Selection:</u>	<u>Billboards:</u>
Company:	LAMAR Advertising
Size:	14' X 48'
Costs per unit per month:	\$5,000
Type of time period:	6 months/Continuous
# of units:	3
Costs per month for 3 units:	\$15,000
Costs Per Time Period:	\$90,000

A total of 13 billboards will be used for IKEA promotions throughout the marketing campaign. Three of the billboards will be done through LAMAR Advertising. The other 10 billboards will be done through Johnson Outdoor Advertising, which is based in Round Rock. They have billboards available in Round Rock, Georgetown, Austin, Bastrop, Hutto, Rockdale and other surrounding cities and communities that are near IKEA. Johnson Outdoor Advertising has billboards in locations that are needed for the advertising plan but for a lower price than LAMAR Advertising. LAMAR Advertising will be doing some of the more elaborate billboards because they are a larger and more experienced company for outdoor advertising.

Two billboards (Billboards – A) will be used from July 2012 until December 2012. The other billboard will run advertisements from January until July 2012.

Billboards are a good way to reach a large number of consumers in the Round Rock and Austin, Texas areas and communities. They will let potential customers know where the store is located and keep current customers thinking about IKEA which can lead to more frequent shopping excursions to the store. Billboards are large in size and are hard for pedestrians and vehicular traffic to miss.

A billboard will be placed extremely close to the IKEA Round Rock store so that customers know right where the store is located. Other billboards will be placed in the downtown Austin area as well as North Austin when you are entering Round Rock. Other billboards will be placed in Pflugerville, Georgetown and other surrounding areas and communities to bring

store location awareness to consumers. Please see the Appendix for billboard advertisement examples and other advertising media mock ups.

Chart 2: Billboards – B

<u>Advertising Media Selection:</u>	<u>Billboards:</u>
Company:	Johnson Outdoor Advertising
Size:	14' X 48'
Costs per unit per month:	\$1,200
Type of time period:	Per month/Pulsating
# of units:	10
Costs per month for 10 units:	\$12,000
Costs Per Time Period:	\$31,200

Chart 3: Billboards – Schedule for Billboards – B

Pulsating Schedule for Johnson Outdoor Advertising Billboards:

<u>Costs to run units:</u> \$7,200	Units 1-2 will run in the months of December 2011, January & February 2012.
\$7,200	Units 3-4 will run in the months of March, April & May 2012.
\$7,200	Units 5-6 will run in the months of June, July & August 2012.
\$7,200	Units 7-8 will run in the months of September, October & November 2012.
\$2,400	Units 9-10 will run in December 2012 only.
TOTAL PER YEAR:	\$31,200

Each unit or billboard will run for 3 continuous months at the different increments scheduled above.



Figure 1.1: Example of a 3-D billboard advertisement for IKEA.

Chart 4: Bench Displays

<u>Advertising Media Selection:</u>	<u>Bench Displays:</u>
Company:	Blue Line Media
Size:	84" w by 30" h
Costs per unit per month:	\$300
Type of time period:	6 months/Continuous
# of units:	25
Costs per month for 25 units:	\$7,500
Costs Per Time Period:	\$45,000

Bench displays will be advertised starting December 2011 until May 2012. There will be 25 benches that will be utilized for the advertising campaign. All 25 bench displays will run continuously at the same time for a 6 month time period. Some of the bench's will be covered in cloth that is available for purchase at IKEA stores and will have a sign that has the IKEA logo on it as well as the address for the IKEA Round Rock store. The bench's that are not covered in cloth will have a typical back display IKEA advertisement.

Bench displays are a way to generate a local presence in the Austin and Round Rock communities. Twenty-five benches will have IKEA advertisements on them and pedestrians as well as mobile consumers will be reached. Bench displays are also at eye level and can be seen by a large variety of consumers. Many of the benches will be in the downtown Austin area. The bench display advertisements that are not covered in cloth will be printed in one-piece and placed on the backrest section of the bus bench. Supermarkets, tourist attractions and popular restaurants and bars will be the target locations for the bus display advertisements.



Example of a bus bench display advertisement for IKEA.

Chart 5: Bus Exterior Displays

<u>Advertising Media Selection:</u>	<u>Bus Exterior Displays:</u>
Company:	Blue Line Media
Size:	Bus exterior
Costs per unit per month:	\$4,500
Type of time period:	3 months
# of units:	5
Costs per month for 5 units:	\$22,500
Costs Per Time Period:	\$67,500

Bus exterior displays will be utilized for a 3 month time period. A total of 5 buses will be covered in IKEA advertisements on the exterior of the bus. The bus displays will start running in June 2012 and will continue until August 2012.

Buses are effective ways to advertise and bring awareness to the IKEA Round Rock stores location. They have a high exposure rate because they are mobile and are in a way like “moving billboards.” The constant exposure to pedestrians and vehicle passengers as well as drivers is beneficial and the bus exterior can be seen from multiple directions all at the same time. Putting an advertisement on bus exteriors is also beneficial in that it has greater market saturation because it moves around the city and many consumers are targeted and aware of its presence.

Five buses will have the entire exterior of the bus wrapped in an IKEA advertisement. The displays will be photo-quality and on paper or vinyl or a combination of both. The IKEA bus exterior advertisements will be notable and hard to miss and will in turn, let consumers know where to find affordable, quality-made and trendy home furnishings.



Example of a bus exterior wrap advertisement for IKEA.

Chart 6: Pedicab Advertisements

<u>Advertising Media Selection:</u>	<u>Pedicab Advertisements</u>
Company:	Dirt nail Pedicabs
Size:	Back Panel Sides A & B 4' w x 3' h
Costs per unit per month:	\$400
Type of time period:	3 months
# of units:	40
Costs per month for 40 units:	\$16,000
Costs Per Time Period for Pedicabs:	\$48,000
# of Pillows per pedicab:	2
Costs per pillow:	\$6
Costs of pillows for all pedicabs:	\$480
Total Costs with Pillows Per Time Period:	\$48,480

Forty pedicabs will be used as a form of advertisement starting in January 2012, and be promoted until March 2012. IKEA advertisements will be on the back panels of each pedicab and will be backlit at night. IKEA pillows will be placed inside the pedicabs for the passengers to enjoy. This will be a unique and modern way to promote the IKEA Round Rock store's location as well as communicate the support IKEA will be giving to help the Central Texas Fires victims. IKEA is notorious for their modern and out-of-the-box advertisements and promotions and utilizing the pedicab complete with

IKEA pillows to promote store awareness follows in the method of advertisement IKEA is already known for.

A company called DirtNail Pedicabs that is based in Austin will be used for the pedicab advertisements. They advertise in the downtown Austin area during high traffic times as well as in high traffic areas. The company does the promotions in the day and at night.

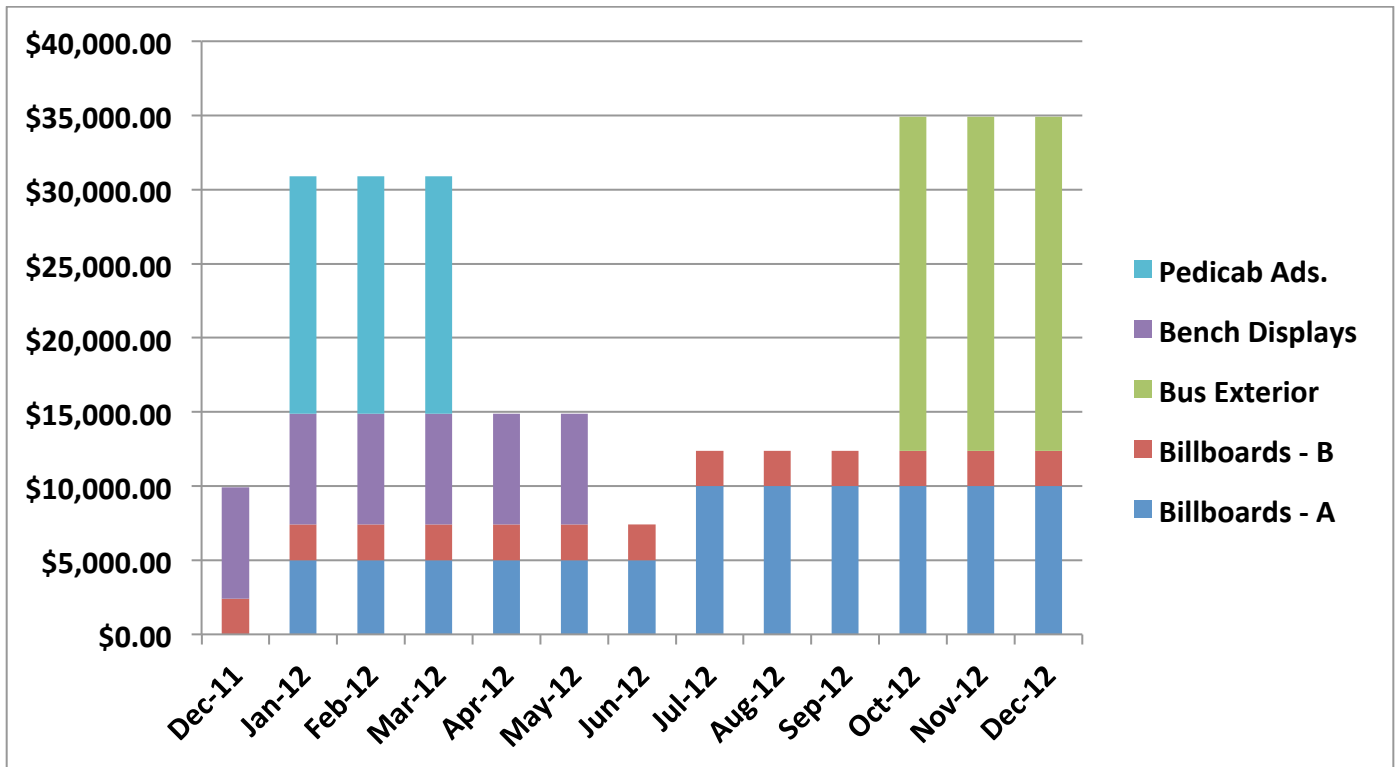
Pedicab advertisements are a mobile form of marketing that is able to get a lot of exposure and attention that ordinary forms of advertisement do not get. The advertisements are at eye level with customers and the added IKEA pillows will capture the consumer's attention.



Example of pedicabs featuring IEKA advertisements

The advertising budget is \$285,000 which is about \$23,750 for the average monthly costs for the year time period allotted. The following chart below, (the Media Selection Schedule) will show each method of advertisement and the time period the marketing plan will take effect. The chart also demonstrates how much of the advertisement budget will be used each month on each media selection.

Media Selection Schedule:



During October through December 2012, advertisements and promotions for the IKEA Round Rock store will be at its peak. This is to ensure that consumers are exposed to IKEA promotions in the months previous to the busiest shopping times of the year. The second busiest promotional months will be from January until March of 2012. Advertising heavily before and during the Black Friday and Christmas shopping times will ensure consumers will keep IKEA in mind when doing their holiday shopping and remember that the IKEA Round Rock stores location is conveniently located.

The advertising budget is \$285,000 and a variety of media methods will be use. Pedicab advertising, bus exterior displays, bench displays and billboards will be utilized to bring awareness to consumers of the IKEA Round Rock location. Existing customers will be reminded of the Round Rock stores presence and be likely to shop more frequently. Potential consumers will know where the store is located and therefore it will be probable to assume they will visit IKEA. The visit can turn into a shopping excursion and IKEA has the opportunity to develop more loyal customers and a larger customer base.

The return on the promotions that will take place over a period of a year should be known when IKEA releases their 2012 Yearly Summary report. The IKEA Round Rock store is currently being expanded because of the tremendous growth in sales and its customer base since the stores opening.

The return on the promotions should be over the expected objectives of the 10% annual sales increase for 2012 and the 5% increase in customer's awareness of the stores location. Round Rock, Texas is growing and expanding at a fast rate and IKEA has chosen a perfect location that is easily accessed by a variety of surrounding communities and areas. Creating more awareness to consumers of where the IKEA Round Rock store is located and generating more of a community presence can only lead to an even larger customer base and ultimately an increase in sales. The yearly sales summary for 2012 on IKEA should reveal if the marketing objective has been met or not.

Appendix:

Advertisement Examples:

Figure 1.1: 3-D Billboard example

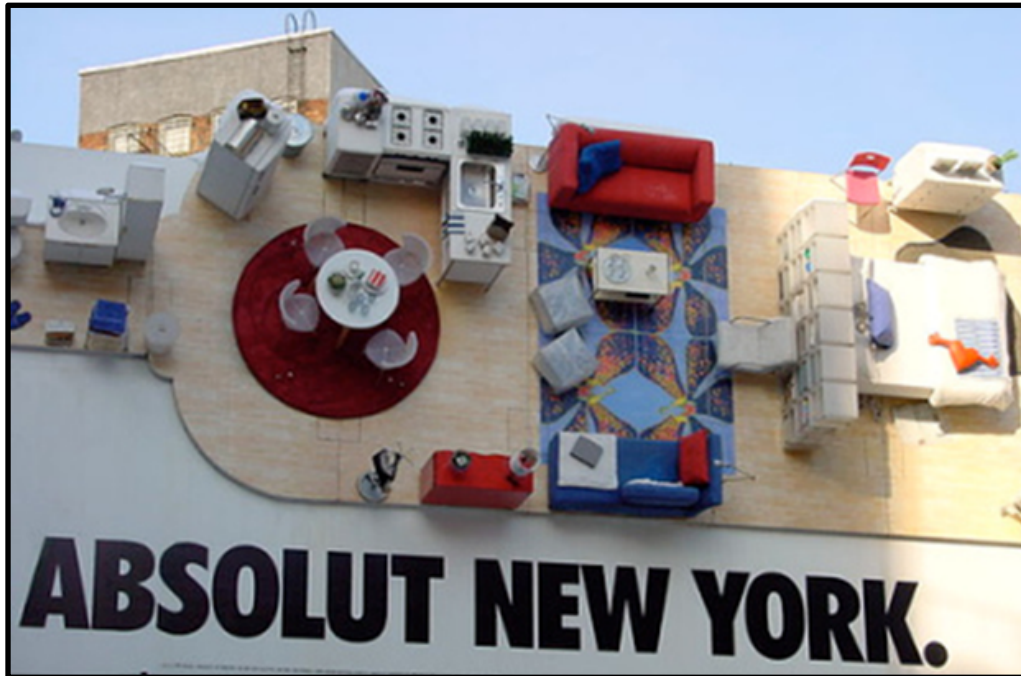


Figure 1.2: Example of Pedicab Advertisements



Figure 1.3: Example of a Bus Bench Display



Figure 1.4: Example of a Bus Exterior Display



Figure 1.5: Example of Billboard promoting American Red Cross for relief for Central Texas Fire Victims



Bastrop

*10% of your purchase
goes to*

American Red Cross

to help Central Texas fire victims

visit our Round Rock store

Exit 257

Advertising Companies Information:

Company: LAMAR Advertising

Website: www.lamaroutdoor.com/index.html

LAMAR of Austin Website: www.lamar.com/offices/austin

Offer: Outdoor advertising. Billboards, Bus Bench displays, Bus Exterior advertising, Taxi Ads, & more.

Company: Johnson Outdoor Advertising

Office: 102 N. Mays St., Round Rock, TX. 78664

Phone: 512-255-4300

Website: www.johnsonadv.com/pages/2/index.html

Offer: Outdoor advertising - Billboards

Company: Blue Line Media

Website: www.bluelinemedia.com

Offer: Bus stop/Bus shelter outdoor advertising, Taxi Ads, Bus Exterior, Billboards Bus Bench displays, Bus interior advertising

Company: Dirt nail Pedicabs

Owner: Stephen Merritt

Phone: 512-844-4444

Website: www.dirt nailpedicab.com

Pedicab advertisements.

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