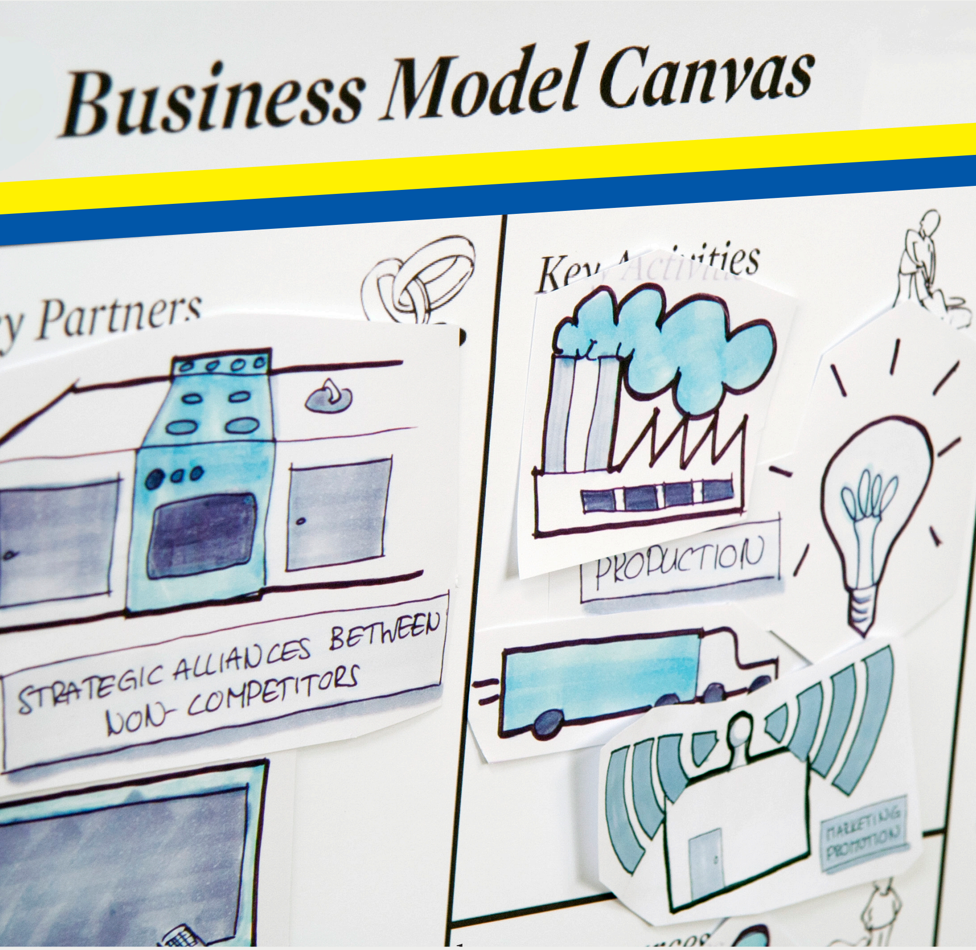
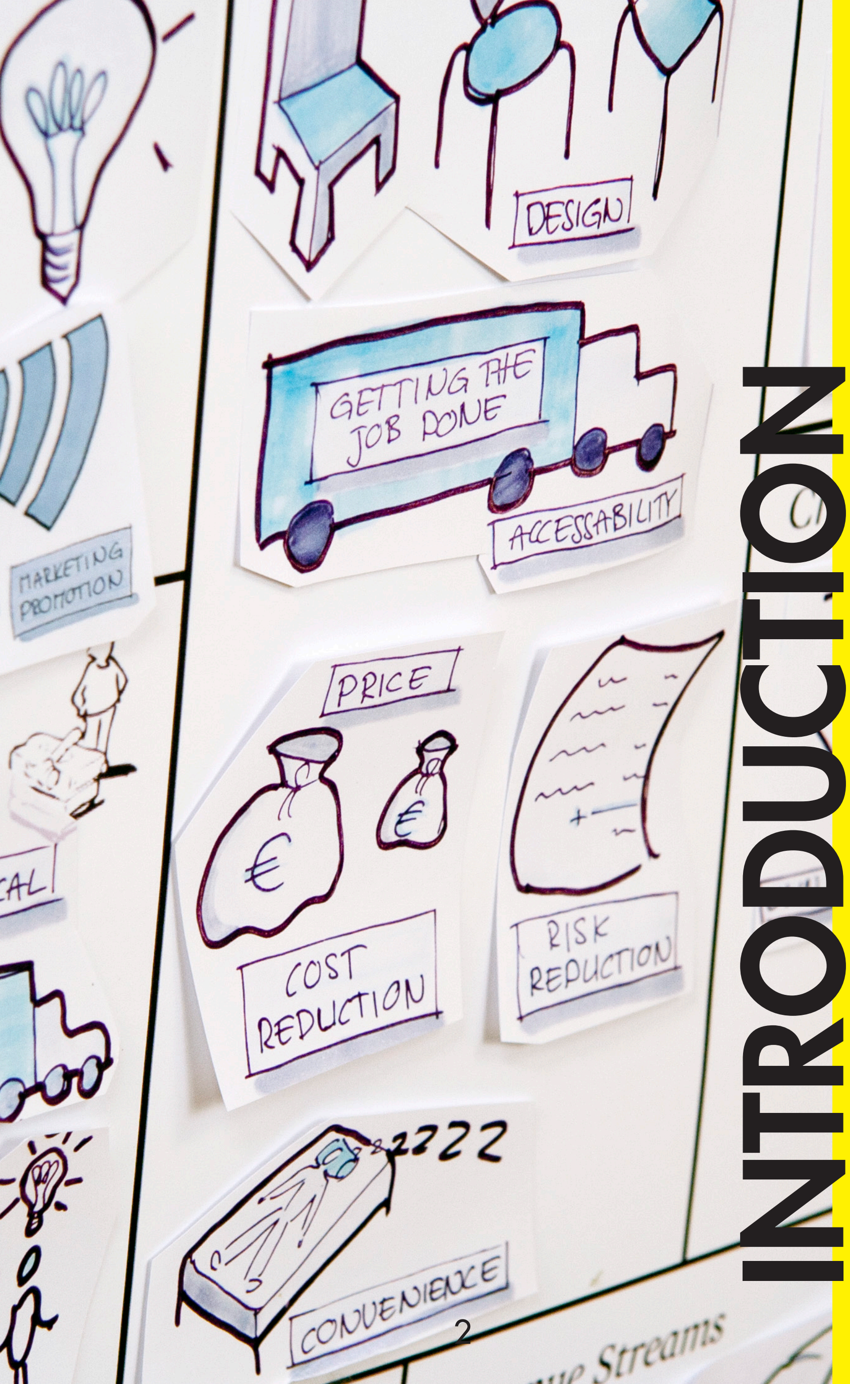
CANVÅS
the booklet



Joes Janmaat - Josef Abdeli - Pim Knops - Jacqueline Nanne - Willemijn Mattheij - Rachel Rietdijk



INTRODUCTION

Hej allihopa!

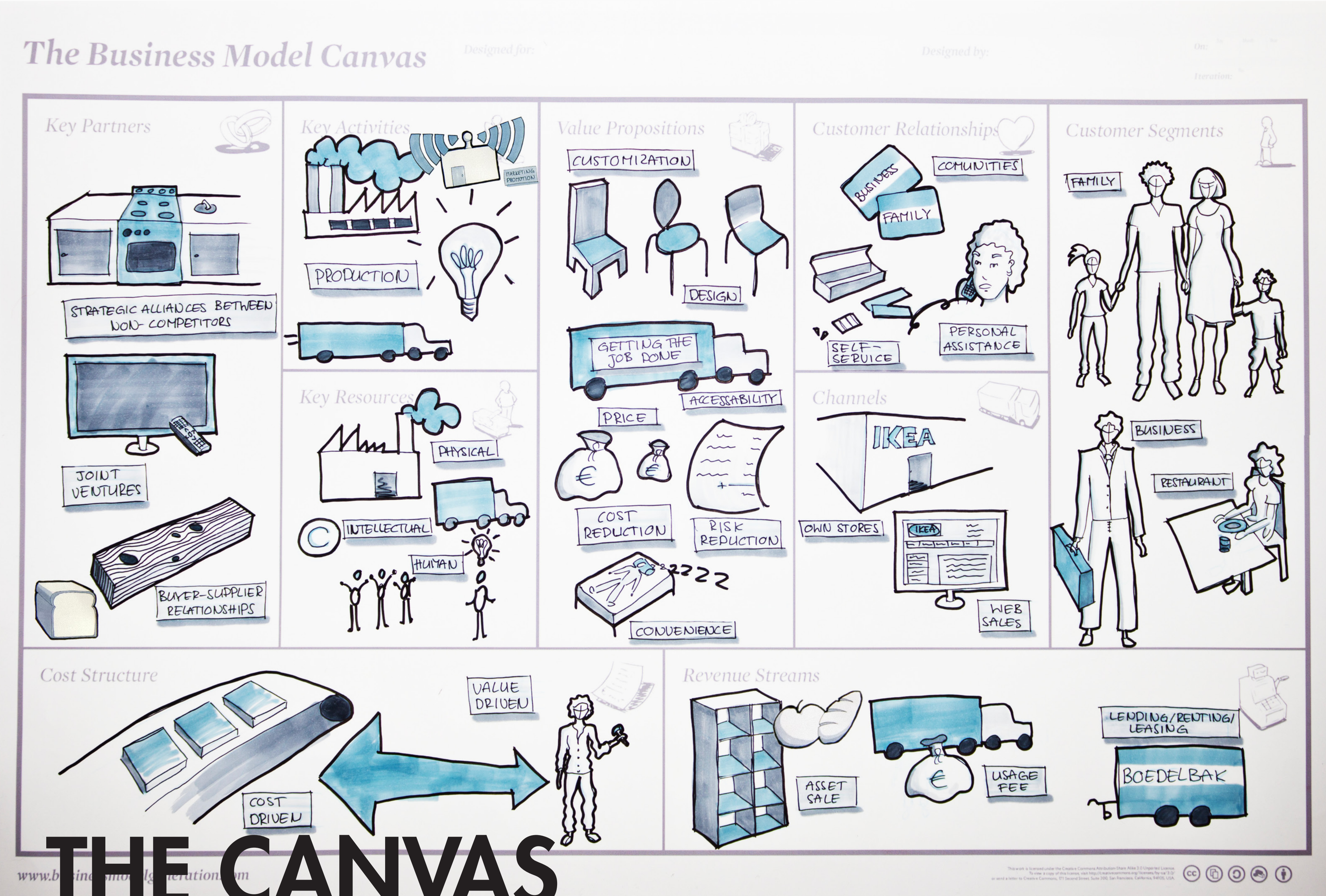
Ingvar Kamprad, was only 17 year old when he started his company IKEA. We were curious how this company managed to evolve and grow to something that is now very well-known and even became something that is associated with 'designing your own life'.

In this booklet we give an overview of our explanation of the several building blocks of the IKEA business model using the Business Model Canvas. This canvas has been carefully put together with the help of the book "Business Model Generation" from Alexander Osterwalder during the DG512 Business Modeling assignment at the Technical University of Eindhoven.

Have fun exploring!

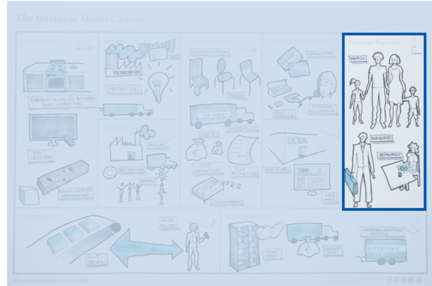
Kind regards,

Joes Janmaat, Josef Abdeli, Pim Knops, Jacqueline Nanne,
Willemijn Mattheij and Rachel Rietdijk


The Business Model Canvas
Designed for:
Designed by:
Key Partners
STRATEGIC ALLIANCES BETWEEN NON-COMPETITORS
JOINT VENTURES
BUYER-SUPPLIER RELATIONSHIPS
Key Activities
MARKETING PROMOTION
PRODUCTION
Key Resources
PHYSICAL
INTELLECTUAL
HUMAN
Value Propositions
CUSTOMIZATION
DESIGN
GETTING THE JOB DONE
ACCESSABILITY
PRICE
COST REDUCTION
RISK REDUCTION
CONVENIENCE
Customer Relationships
COMUNITIES
BUSINESS
FAMILY
SELF-SERVICE
PERSONAL ASSISTANCE
Channels
IKEA
OWN STORES
WEB SALES
Customer Segments
FAMILY
BUSINESS
RESTAURANT
Cost Structure
VALUE DRIVEN
COST DRIVEN
Revenue Streams
ASSET SALE
USAGE FEE
LENDING/RENTING/LEASING
BOEDELBAK
www.businessmodelgeneration.com

THE CANVAS

CUSTOMER SEGMENTS



Customer Segments

The customer segments are defined by IKEA's customers. Who are they and what do they want?

There are three customer segments: Families, Business and Restaurant visitors.

Families, either with or without children, go to IKEA to shop for themselves, their (new) home or for their children. They go to IKEA to have a day out and the children can enjoy themselves in the ball pool.

People in the business segment do not shop for themselves, but for example for guestrooms in their hotel, or for the workspace they own. What they want is fast delivery and online shopping and payment possibilities.

The restaurant visitors are people that go to IKEA for the sole purpose of enjoying a meal in the restaurant or to meet with friends. For instance there visitors that have a day out by cycling to the IKEA, have a one-euro-breakfast and cycle back home without buying anything from the shop.

VALUE PROPOSITIONS

Value Proposition

The value proposition is what IKEA offers their customers. IKEA has a lot of these propositions.

"Customization" IKEA offers a lot of products in different styles, so all customers have the opportunity to design their own. There are some online tools available for customization as well.

"Getting the job done" Help is available for delivery and assembly.

"Design" IKEA has their own designers and links the designers' names to the products. This way the customers feel like they have bought real design.

"Price" There is something available in everyone's price range.

"Cost reduction" IKEA keeps the prices low. Because of the self-assembly packages are compact, which reduces transportation costs and customers only pay for assembly if they ask for this. Also, customers drive to the warehouse themselves, so there is no employee that has to get it for them.

"Risk reduction" IKEA offers 2 to 25 years of warrenty depending on what kind of product is purchased.

"Accessibility" There is an IKEA near almost every big city and next to a highway. Also the layout of the store is identical for every IKEA.

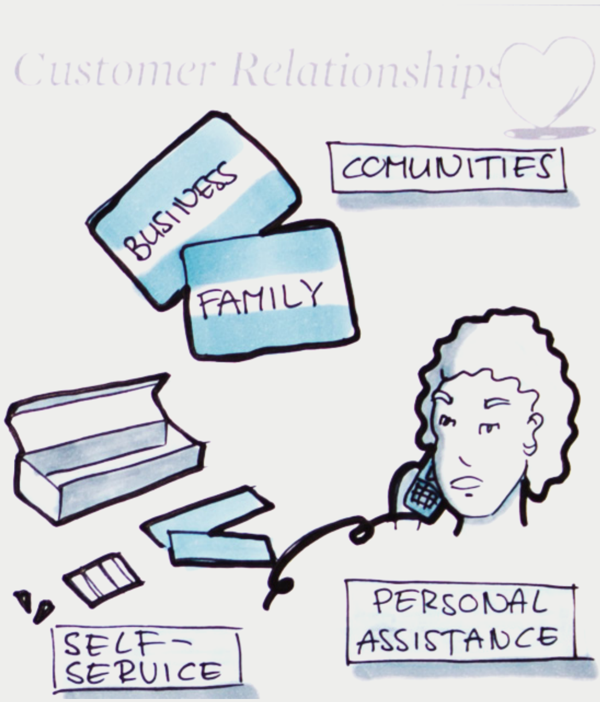
"Convenience" Customers can try out everything in the shop and they can see all the different colours and versions available. The offer is also the same at every IKEA shop.

CHANNELS

Channels
IKEA has to reach their customers to offer them their value propositions. This is done through the channels.

The only thing ikea has is own channels, they do not offer their products through a third party. These are the IKEA stores, and the IKEA website. The website is only available for business purchases.

IKEA raises awareness of their brand through their catalog, website, billboards and television and radio commercials.

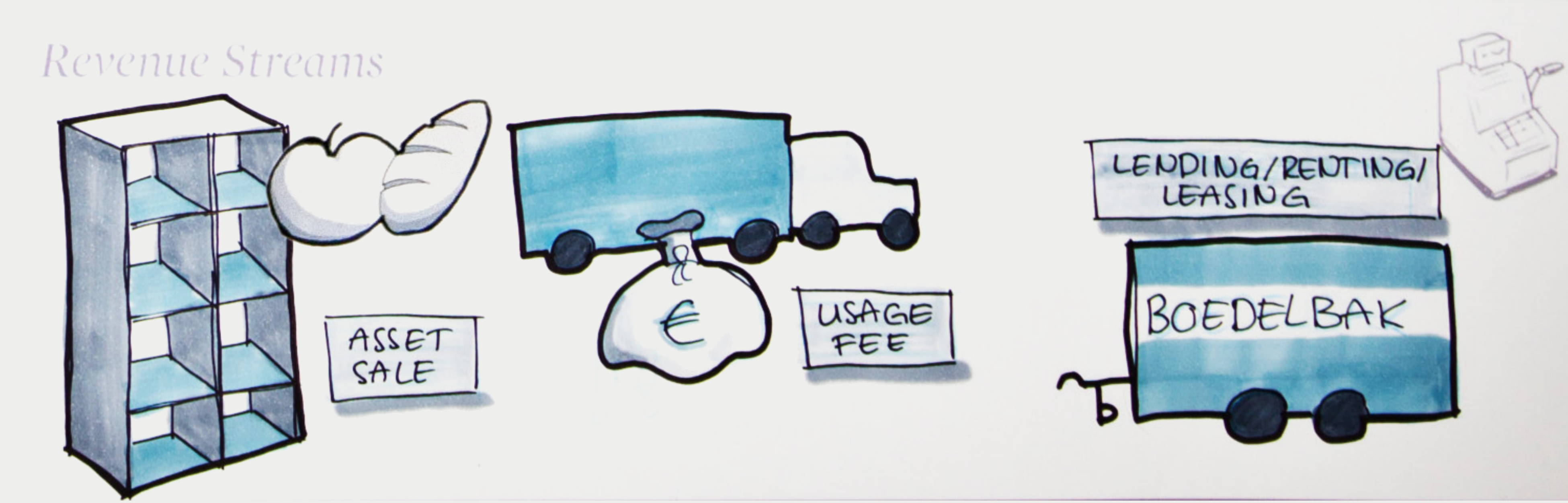


CUSTOMER RELATIONSHIPS

Customer Relationships
To make sure the customer keep coming to IKEA they have the customer relationships.

IKEA offers personal assistance to their customers, such as the assembly and transportation service. But, if the customer wants to do everything by himself IKEA also provides full self-service.

Also, IKEA has their communities: IKEA Family and IKEA Business, to keep in contact with the customer even after purchase. For example, the IKEA Family card offers the customers free coffee everytime they visit the store, which makes it a nice experience every time they come back.



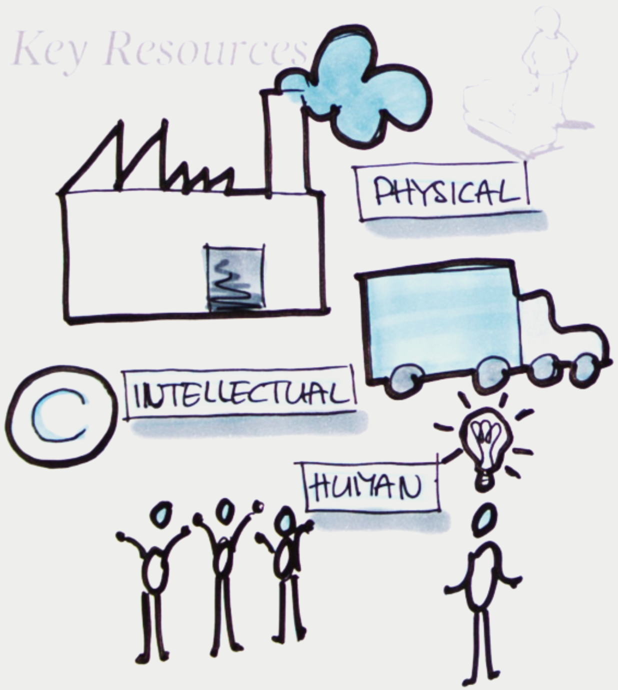
REVENUE STREAMS

Revenue Streams

IKEA is a business and businesses make money. The revenue streams shows how money gets into IKEA's pocket.

The biggest revenue stream is the asset sale. This includes everything they sell including the Billy and the famous one-euro-breakfast.

Besides this Ikea has services available (delivery and assembly) which can be used for a small fee. These are the usage fees. Besides this they have the service of renting a transportation aid. The customer can rent a 'Boedelbak' to bring home the things that he just bought when it doesn't fit in the car.



KEY RESOURCES

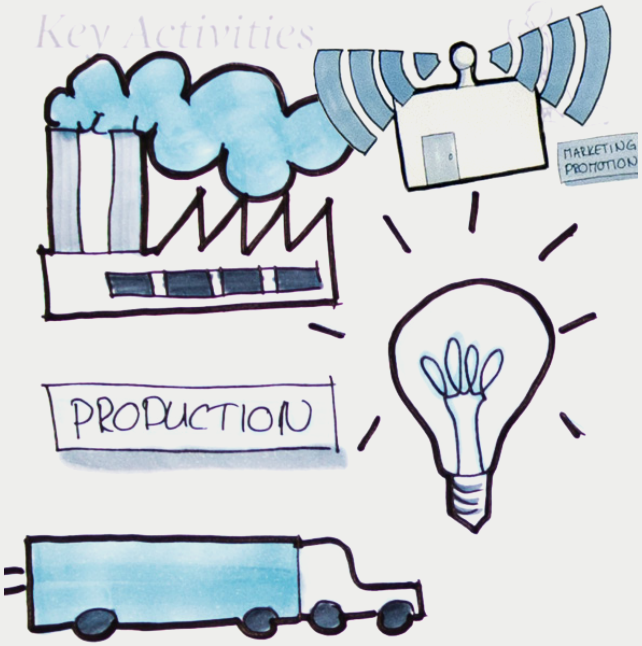
Key Resources
To keep the business going IKEA needs resources.

"intellectual resources" IKEA has intellectual properties on everything they sell and even on the look and feel of IKEA.

"human resources" IKEA needs designers to design all the furniture, employees in factories, transportation, stores, etc.

"physical resources" These are the materials needed, the buildings such as warehouses, factories and stores, and vehicles for transporting materials and products.

"financial resources" Money is needed for paying for the above. Also IKEA is not on the stock market, so this makes IKEA less transparent about their money flows than listed companies.



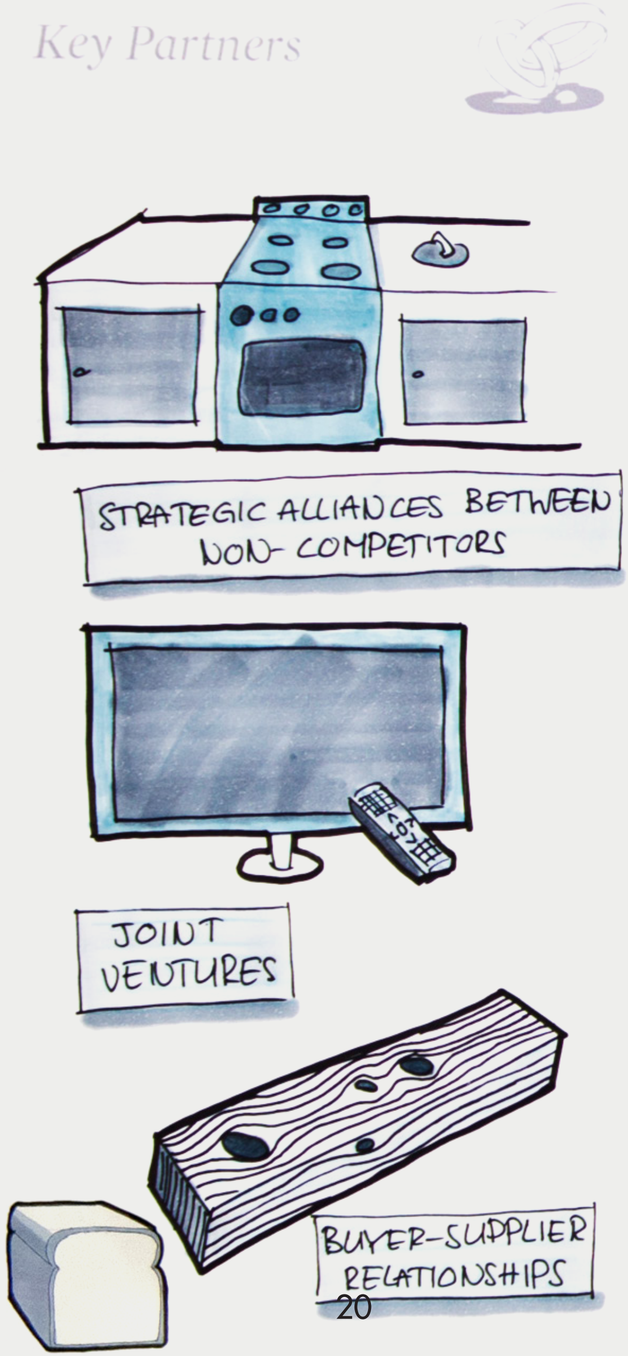
KEY ACTIVITIES

Key Activities

IKEA has to maintain building new products and selling them to the world.

To keep this up designers design new products, factories build them and they are being transported to the stores where they are sold.

To keep customers coming IKEA does marketing and promotion as well. Using which measures can be seen in the channels.



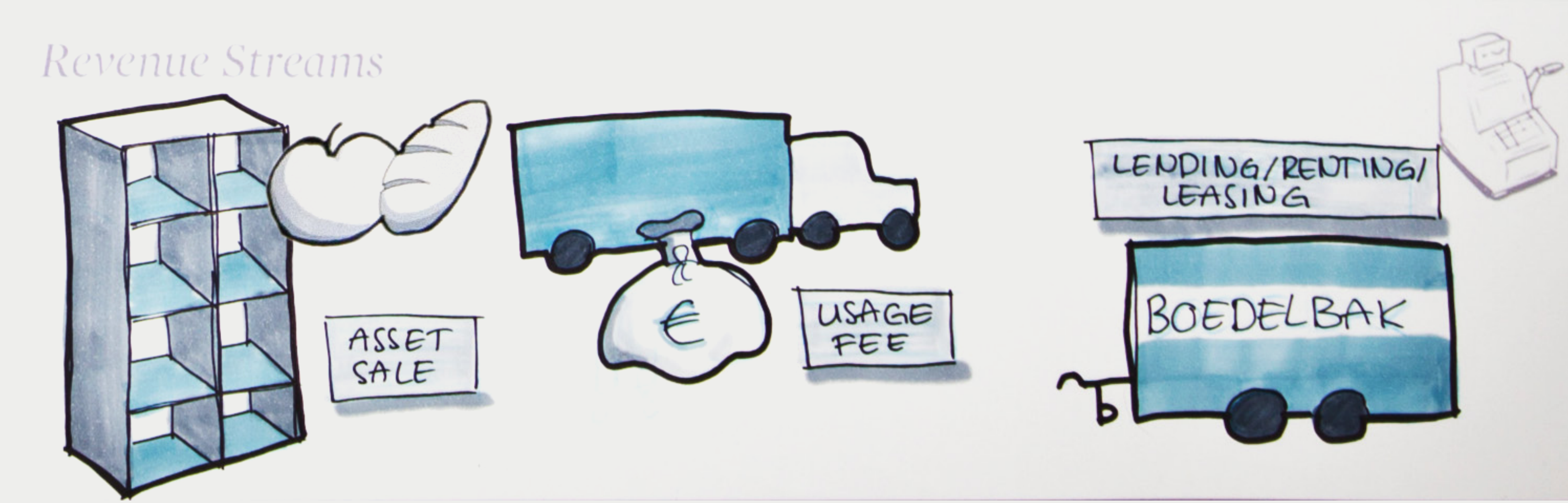
KEY PARTNERS

Key Partners
IKEA can not do everything alone, so they need partners.

They have a strategic alliance with kitchen distributors such as whirlpool and AEG that enables them to present a complete kitchen layout for their show-rooms.

Also, they have joint-ventures with electronic producers to sell furniture with integrated electonics. For example a television cupboard with an integrated television.

Swedwood supplies IKEA with all its materials. Besides this IKEA has a buyer-supplier relationship with food production companies.



COST STRUCTURE

Cost Structure
We know how IKEA gets their money, but how do they spend it?

IKEA's cost structure is in between cost and value driven. IKEA produces furniture with low quality materials, but presents it in a qualitative way.

This cost structure has two different characteristics: "Economies of scale" where IKEA produces many of a kind, which makes it cheap to produce. And "Economies of scope" which, because of the IKEA's wide range of operations and products, reduces the costs by using the same marketing activities and distribution channels all over the world.