

EUROPEAN FIRM'S STRATEGY IN INTERNATIONAL BUSINESS

A CASE OF IKEA

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ABSTRACT

The present case study deals with different strategies adopted by the large multinationals in their international business operations. Originally established in the 1940s in Sweden, IKEA has grown rapidly in recent years to become one of the world's largest retailers of the home furnishings. IKEA's international strategy in Europe had not paid significant attention to local tastes and preferences in the different European countries. In its initial endeavor to expand globally, IKEA largely ignored the retailing rule that international success involves tailoring product lines closely to the national tastes and preferences. In the meantime, other strategies worked well and finally they changed to transnational strategy. The new strategy endowed IKEA with a competitive advantage over its rivals.

KEYWORDS: Strategy, Transnational, Experience curve, Local Responsiveness, Frugal Culture, Global Integration, Value Chain, IKEA

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