

# The Application and Development of Design Management at IKEA: A Case Study Based on The Concept of Democratic Design

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## ABSTRACT

This report delves into the principles, methodologies, and principles underpinning design management, utilizing the illustrative case of IKEA, a prominent retailer specializing in home furnishings. It conducts a comprehensive review of the existing literature on design management, undertakes an analysis of IKEA's design management framework, and posits recommendations for its continued evolution. The report illustrates how IKEA strategically employs design as a catalyst for organizational success, generating value and impact across various facets of design. Additionally, it elucidates how IKEA navigates diverse markets and customer segments through the implementation of localization strategies. The report culminates by advocating the utilization of the Ansoff Matrix as a guiding instrument for shaping product and market strategies within the context of IKEA.

## KEYWORDS

Design management; Democratic design; IKEA

## 1. INTRODUCTION

Design management, as a critical force of transformation, plays a pivotal role in shaping organizational success. This report delves into the historical evolution and theory of design management, selecting IKEA as a case study to analyze its design management framework and provide recommendations. The choice of IKEA as a case study is primarily based on its status as an exemplary model of a value-based service and sustainable business model, with its service culture significantly influencing individual lifestyles and experiences (Edvardsson and Enquist, 2011). Despite appearing as a product-centric retailer on the surface, IKEA, in reality, considers physical products as platforms for service experiences, actively striving to create enhanced life experiences through this platform (Edvardsson and Enquist, 2011). Therefore, this study undertakes an in-depth examination and analysis of IKEA's design management practices from the perspectives of product and service design.

## 2. LITERATURE REVIEW

According to Miller, Palsikar and Spears (2022), design management has evolved through key stages. In the initial phase (1975-1985), it emphasized the economic and strategic value of design within organizations. The second phase (1985-1995) saw a focus on educational development, brand value, market impact, and cross-departmental collaboration. The third phase (1995-2005) expanded into

user value, experiential roles, and innovation. In the current fourth phase (2005-present), design management prioritizes social value, sustainability, and adaptation to diverse environments. This evolution mirrors the field's continuous response to societal, market, and organizational shifts.

Design management is a complex interdisciplinary field that integrates management science and design science, blending theories and practices from other disciplines to adapt to the continuously changing global environment and organizational challenges (De Mozota & Wolff, 2019; Miller, Palsikar, & Spears, 2022). Its primary objective is to effectively integrate design projects, departments, resources, and strategies using design methods and tools, thereby enhancing organizational innovation and competitiveness (De Mozota & Wolff, 2019). Its scope extends beyond the design of products and services to include aspects such as organizational structure, culture, and values. Design management also emphasizes the impact and value of design on society and the environment (Miller, Palsikar, & Spears, 2022). There is no unified definition for design management, and it varies based on the organization, environment, and context (Best, 2015). Design management is undergoing a transition from multidisciplinary to interdisciplinary and then to transdisciplinary to address the increasingly complex market environment and challenges (Miller, Palsikar, & Spears, 2022).

Design management is a management approach and practice aimed at assisting organizations in addressing external and internal challenges, achieving innovation and optimization, and enhancing competitiveness. Its scope encompasses not only the design of products and services but also the design of the organization itself, including aspects such as organizational structure, culture, and values. Serving as a strategic catalyst for organizational success, design management leverages design thinking and methods to guide organizational transformation, fostering increased innovation capability and competitive advantage. Emphasizing cross-departmental collaboration and communication, design management adapts to the continually changing market environment. Furthermore, it drives the establishment of more flexible and agile organizational structures and systems.

### **3. CASE STUDY**

IKEA's product range is extensive, covering various areas such as furniture, home goods, kitchenware, and more, to comprehensively meet the diverse aspects of household life. Guided by the vision of "creating a better everyday life for many people," IKEA actively promotes the concept of "democratic design," balancing and integrating factors such as form, function, quality, sustainability, and affordability in each product (Ikea, 2023a; Edvardsson and Enquist, 2011). This approach results in IKEA products characterized by modernity, simplicity, fashion, practicality, and sustainability, offering a diverse range of choices to consumers.

Service design plays a crucial role in IKEA's design management, especially in its physical stores. The design of IKEA's physical stores not only coordinates with product styles but also emphasizes the sensory experience of customers, involving aspects of sight, sound, and touch, aiming to evoke emotions and memories (Zomerdijsk and Voss, 2010). The store layout design incorporates the concept of a "long corridor," guiding customers through organized and coherent paths to explore the entire store, maximizing the display of products and solutions (Chinese advertisement, 2023). IKEA primarily showcases products through room displays, combining different furniture to create living room or kitchen spaces, simulating real home environments to enhance customer immersion and engagement. Despite using segmented displays, the different zones are closely connected, ultimately driving consumption (Chinese advertisement, 2023). Lastly, IKEA employs a "self-service" shopping model, allowing customers to retrieve products from the warehouse, simplifying the shopping process, enhancing convenience, and reducing operational costs (Kaplan, 2008). In terms of product packaging, IKEA relies on "flat packing" technology, breaking down products into components, reducing transportation and environmental costs (Ikea, 2023b).

These design activities intertwine, forming the core of IKEA's design management. Product design and service design merge to create a pleasurable shopping experience. Supply chain management supports the entire system behind the scenes, ensuring product quality, availability, and production efficiency (Baraldi, 2008). Overall, through the organic integration of product design, service design, and supply chain management, IKEA successfully realizes the concept of "democratic design," providing customers with unique and comprehensive home solutions.

The Billy bookcase, as a highly successful product from IKEA, establishes its foundation for success with its simple, multifunctional, moderately priced, and customizable characteristics. The bookcase features minimalist design, seamlessly integrating into any room and style. Additionally, it comes with different sizes and space combinations to accommodate various sizes and types of books or other items (Figure 1). By adding accessories and internal organizers, customers can expand the bookcase, creating more storage options and personalization. The Billy bookcase serves as an exemplary case of how IKEA cleverly distinguishes itself from competitors through design. IKEA's design philosophy is based on "democratic design," aiming to serve a broad customer base. IKEA designers closely collaborate with suppliers to optimize materials, technology, and packaging, reducing costs and environmental impact (Baraldi, 2008). By allowing customers to assemble and customize products themselves, IKEA builds a relationship with customers, making them more satisfied and proud of their choices.



**Figure 1.** the styles and product details of the Billy bookcase in different sizes and colors.

## 4. STRATEGIC RECOMMENDATION AND DISCUSSION

In IKEA, design is not just a service function but also a fundamental part of organizational culture. Its design philosophy is guided by the vision of "creating a better everyday life for the many people," emphasizing the social value and sustainability of design. Close collaboration with suppliers allows designers to optimize materials, technology, and packaging to reduce costs and environmental impact. By allowing customers to assemble and customize products themselves, IKEA has built satisfaction and pride, fostering strong relationships with customers. The role of design in IKEA's organizational culture spans the entire value chain, from product development, production, distribution, and sales to after-sales service, embodying its design principles and values.

Richard Buchanan's "Four Orders of Design" framework divides design into the levels of symbols, objects, services, and systems (Leurs, B and Roberts, 2017). This framework can be used to analyze IKEA's design management, illustrating its ways of creating value and impact at different levels. At the symbolic level, IKEA effectively communicates its brand image and values through logo design, brand image management, and product design. At the product level, based on the concept of "democratic design," IKEA creates products that are functional, well-designed, high-quality, and affordable, considering the convenience of packaging, transportation, and assembly. On the service level, the unique in-store shopping experience stimulates customers' senses and emotions while encouraging self-service and customization, enhancing convenience and satisfaction. At the systems level, IKEA's design conveys a lifestyle philosophy by providing comprehensive home solutions, promoting sustainable development. This integrated design system successfully realizes the concept of "democratic design," winning the favor of a broad customer base and driving business development.

When addressing diverse customer groups from different countries, IKEA adheres to its corporate vision, employing localization strategies to achieve strategic goals. The company is committed to deeply understanding and meeting the needs and expectations of various markets and consumers while maintaining brand consistency to sustain its leadership and innovation globally, ensuring sustainable development, and fulfilling social responsibility. In the Chinese market, IKEA has successfully adapted to local preferences by making adjustments to its product range and experiential stores, such as resizing kitchen and bedroom products to fit Chinese households' needs. It has introduced products aligned with Chinese cultural preferences, such as tea sets, chopsticks, and rice bowls. Additionally, recognizing the lack of a traditional "DIY" furniture assembly culture in China, IKEA has employed specialized staff to explain to customers, while also establishing delivery and assembly services to meet diverse customer needs.

This article recommends the use of the Ansoff Matrix as a tool for further development for IKEA, as it is an effective marketing planning model that can guide the formulation of product and market strategies for the company (Dudovskiy, 2022). The Ansoff Matrix is based on four main strategic options: market penetration, product development, market development, and diversification (Loredana, 2017).

In terms of market penetration, IKEA has successfully attracted a broad consumer base by offering high-quality, affordable, diverse, and sustainable home products and services. To further expand market share, it is suggested to implement measures such as brand promotion and advertising, interactive communication, and expanding distribution channels. These actions aim to enhance brand awareness and trust, promote interaction and loyalty, and provide additional purchase and delivery options to improve convenience and satisfaction.

Regarding product development, IKEA has an extensive product line with a significant number of new releases each year. To enhance product appeal and value, strategies such as market research and analysis, adding product features, design and quality improvements, and incorporating new technologies and design elements can be employed. IKEA could explore customizable strategies, such as leveraging AI technology to collect user data for more precise product strategies. Additionally,

introducing online DIY interfaces in the e-commerce platform, allowing customers to freely combine products and offering customization options for color, size, and material, can enhance the overall customer experience.

In terms of market development, as IKEA operates in multiple countries globally, there are plans to enter more developing countries in the short and medium term (Dudovskiy, 2022). To enhance market development effectiveness, localization strategies, partnerships, social responsibility, and contributions can be implemented. Adjusting products based on different market cultures and consumer habits, strengthening relationships with local partners, participating in local social responsibility and charity activities, can elevate brand reputation and loyalty.

Diversification provides IKEA with possibilities to explore new areas and opportunities. To enhance the effectiveness of diversification, leveraging brand strength, engaging in cross-industry collaborations and innovation, and contributing to social and environmental causes can be considered. Developing new products related to home furnishings, collaborating with different industries and communities, participating in social responsibility and charity activities, can showcase the brand's values and impact. IKEA can explore entering fields like smart homes, home consulting, and collaborate with designers, artists, scientists, etc., to create more unique and interesting products and services.

## 5. CONCLUSION

This paper undertakes an examination of the principles, methodologies, and principles underpinning design management, employing the case study of IKEA, a preeminent provider of home furnishings renowned for employing design as a pivotal driver of organizational triumph. The paper conducts a retrospective analysis of the historical evolution and theoretical underpinnings of design management, accentuating its interdisciplinary and transdisciplinary character, elucidating its purview and objectives, and elucidating its ramifications and worth organizations, markets, and society. Subsequently, a meticulous scrutiny is devoted to IKEA's design management paradigm, with a specific emphasis on its paradigms of product and service design, and their seamless integration within the rubric of supply chain management and organizational ethos. The paper also delves into IKEA's espousal of the design philosophy of "democratic design," which harmonizes and amalgamates considerations such as form, functionality, quality, sustainability, and affordability within each product and service. Illustratively, the paper exemplifies the success of this philosophy through the case of the Billy bookcase, emblematic of IKEA's design tenets and principles. Ultimately, the paper proffers strategic directives for the continued advancement of IKEA, utilizing the Ansoff Matrix as a heuristic device to shape the formulation of product and market strategies. Recommendations encompass the augmentation of market penetration, product development, market expansion, and diversification, and are substantiated through initiatives such as brand elevation, interactive communication, broadening distribution networks, comprehensive market research and analysis, augmentation of product attributes, enhancements in design and quality, infusion of novel technologies and design elements, localization strategies, collaborations, social responsibility initiatives, cross-industry partnerships and innovations, and exploration of nascent domains and prospects. The paper aspires to furnish a thorough and perspicacious comprehension of design management and its application within the context of IKEA, with the intent to catalyze further inquiry and praxis in this domain.

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