Assessment of IKEA's brand culture in today's Chinese market: Focus on Shanghai

Authors:
Hongming Yang
Chen Hu

Supervisor:
Maria Fregidou-Malama
Acknowledgement

This thesis was completed on 23rd May 2012, during this research period we have demanded hard work and developed good skills of brand culture and management.

Firstly, we would like to thank our supervisor "Maria Fregidou-Malama" professor at the Department of Business and Economic Studies, Gävle University, Sweden. Who has guided us throughout the whole time and give us constructive and comprehensive feedback in order to improve our thesis.

Secondly, we would like to thank Mr. Zhou the DSAP in IKEA and also Allen Zhang the quality control manager in IKEA. They were very kind to accept our interviews and provided useful information about IKEA which help us to understand brand strategy of IKEA.

At last we would like to thank our classmate who give us guidance, knowledge and developed our skills to complete this thesis.

Moreover we thank our parents, teachers and friends who supporting and encourage us through this process

7th June 2012

Hu Chen and Yang Hongming
Abstract

Title: IKEA's brand culture in today's Chinese market: Focus on Shanghai

Level: Final assignment for Master of Business Administration

Author: Hongming Yang, Chen Hu

Supervisor: Maria Fregidou-Malama

Date: 2012-June

Aim: The aim of this study is to analyze the collected information to study the IKEA's brand culture and consumer psychology and behavior in Shanghai market nowadays. By using Hofstede’s cultural dimensions to assess the IKEA's brand culture in Shanghai we give suggestions to IKEA about how to adapt to the regional market.

Method: Use of primary data which were collected through interviews, with a questionnaire provided to managers. Secondary data in form of articles, books and published literature has been collected through databases such as DIVA, Emerald and the library at Gävle University. We use qualitative analysis to study the issue.

Result & Conclusions: IKEA's brand culture to provide good quality products to improve people's life in Shanghai in cheap price is not so clearly understood. IKEA has to adjust its marketing strategy, such as improving the quality of its products, or reducing the price, to remove the Shanghai consumers' confusion and misunderstanding of IKEA, in order to suit the Shanghai regional culture.

Contribution of the thesis: We suggest that multinational enterprises should pay attention on the regional culture of the market they want to enter in. It is important that the enterprises know the Shanghai consumers' culture requirements, which can lead enterprises to promote their brand culture.

Key words: IKEA culture, brand culture, culture dimensions, Chinese culture, IKEA in Shanghai.
Contents

Abstract .................................................................................................................. 3

1. Introduction ...................................................................................................... 7
   1.1 Background ............................................................................................... 7
       1.1.1 Introduction of IKEA ........................................................................ 7
       1.1.2 Culture of China ............................................................................ 8
       1.1.3 IKEA in Shanghai ......................................................................... 9
   1.2 Problem Discussion .................................................................................. 10
   1.3 Purpose and Research Questions ............................................................ 11
   1.4 Disposition ............................................................................................. 12

2. Theoretical Framework ..................................................................................... 13
   2.1 Brand Culture ....................................................................................... 13
       2.1.1 The role of Brand Culture ............................................................. 14
   2.2 The Concept of Chinese Culture ............................................................. 15
       2.2.1 Chinese Culture and Contemporary Chinese values ..................... 16
   2.3 Hofstede's Culture Dimensions and Sweden VS China on Hofstede's Model 17
       2.3.1 Critique of Hofstede's Culture Dimensions .................................. 19

3. Methodology .................................................................................................. 20
   3.1 Research Approach ............................................................................... 20
   3.2 Research Strategy, Case Study .............................................................. 22
   3.3 Data Collection .................................................................................... 24
       3.3.1 Design the Interviews ................................................................ 25
   3.4 Data Presentation and Analysis ............................................................. 26
   3.5 Validity and Reliability ......................................................................... 27

4. Empirical Findings .......................................................................................... 28
   4.1 Current situation of IKEA ....................................................................... 28
   4.2 History of IKEA ..................................................................................... 28
   4.3 Data of Shanghai ................................................................................... 29
   4.4 Data from IKEA ................................................................................... 32
4.5 Results of Interviews
4.5.1 Understanding of IKEA's Brand Culture
4.5.2 Culture of Shanghai
4.5.3 Target Group
4.5.4 IKEA's Performance in Shanghai Market
4.5.5 IKEA's Advantages and Disadvantages

5. Analysis
5.1 Compared IKEA's Brand Culture with Shanghai Regional Culture
5.1.1 Similarities and Differences
5.1.2 PDI, UAI and the Attitudes to time
5.1.3 The Sense of Superiority
5.2 IKEA Reaching Its Brand Culture
5.2.1 IKEA is "Mr.misunderstanding"
5.3 The Suggestion for IKEA in Shanghai
5.3.1 The brand culture
5.3.2 The speed of expansion
5.3.3 Price and Quality

6. Conclusion
6.1 Conclusions of the research study
6.2 Limitation and further research
6.3 Implication

Reference
Appendices
Appendix 1
Appendix 2
**List of Figures**

Figure 1: China compared with Sweden in Hofstede culture dimensions, p. 9.
Figure 2: The process of collecting data using qualitative research method, p. 25.
Figure 3: Consolidated income statement, p. 33.
Figure 4: IKEA at a glance 2011, p. 34.

**List of tables**

Table 1: Relevant Situations for Different Research Strategies, p. 23.
Table 2: The timeline of IKEA, p. 29.
Table 3: Per Capita Annual Disposable Income and Consumption Expenditures of Urban Households in Main Years, p. 30.
Table 5: Savings Deposits at Year-End (1997-2010), p. 31.
Table 6: The top 5 selling and purchasing countries, p. 34.
Table 7: Per region of IKEA's purchasing, sales and co-workers in the world, p. 34.
1. Introduction

This chapter gives the background of the research area as well as company overview. Problem discussion followed by purpose, research questions would be presented further.

1.1 Background

1.1.1 Introduction of IKEA

IKEA is an international home products company which designs and sells ready-to-assemble furniture. The company is the largest furniture retailer in the world, founded in 1943 by 17-year-old Ingvar Kamprad in Sweden (IKEA, 2012).

IKEA opened the first store in China in 1998, now there are 10 IKEA stores opened in China, and plans to open the 11th store in 2012 (17 by 2015). IKEA has 16 purchasing trade areas in the world, among them there are 3 purchasing trade area in China. China has become IKEA's biggest purchase market and one of the most important space of business growth, which has the decisive position in IKEA's global strategy (Jiang, J, 2011).

IKEA has the same brand culture over the world, their vision is to create a better everyday life for many people. And their mission is to offer a wide range of well-designed, functional home furnishing products at prices so low that as many as possible will be able to afford them. Since September 1st, 2011, IKEA global began to focus on "How to create a better life in a small space". In the IKEA's survey report for China, top three of "Home Dream" are: has the independent study, to give the child an independent space and the feeling of warm and comfortable. Thus, in the new fiscal year, IKEA will skillfully use of space for their new products. (Jiang, J, 2011)

Shanghai seems has a unique position in the IKEA's market strategies in China. Because in Chinese market, IKEA opened the first store in Shanghai and Shanghai is the only city which has two IKEA stores. Since Shanghai is the financial center of the
country and are now ready to expand further, it's status becomes more and more important in the IKEA's market strategies.

1.1.2 Culture of China

According to the culture dimensions of Hofstede et al (2010), China belongs to masculine culture and high power distance. With high score on masculinity Index, China take more fancy to money, power and status, which means people in China like the some products can proof their status and could be the symbol of their status. High power distance is one of the most important cultural traits of China, which is one of the major cultural differences that China has with the West. Due to the high score in power distance, there is a wide gap among the high-class status, middle-class status and low-class status.

Compared with China, Sweden belongs to low power distance and with low score on masculinity index. The culture between China and Sweden is quite different. As can be seen the figure below, Sweden scores is 31 on power distance which means Swedish are independent, equal rights, superiors accessible, management facilitates and empowers. And Sweden scores of 5 on masculinity and is therefore a feminine society. This means the manager will support his/her employees and decision making is achieved through involvement. Managers strive for consensus and people value equality, solidarity and quality in their working lives. These have grate differences from China because China has clearly hierarch and China is driven by competition, achievement and success, with success being defined by the winner
**Figure 1 China compared with Sweden in Hofstede culture dimensions**

**Source: Hofstede, 2012.**

**1.1.3 IKEA in Shanghai**

Shanghai is one of the four province-level municipalities of China. It is the largest city by population of China and the largest city proper by population in the world, with a total population of over 23 million (until November 11th, 2010). Shanghai is a global city and it is the financial center and the busiest container port in the world.

Shanghai has two IKEA stores, one is Xuhui store and another one is Beicai store. Beicai store opened in June 23rd, 2011, which is the biggest IKEA store in Asia and the second biggest IKEA store in the world. In fiscal year 2010, Xuhui store's sales ranked third in all IKEA stores in the world, and in fiscal year 2011, Xuhui store's sales ranked second. Nevertheless, the sales of IKEA China still accounting for less than 2% of the total sales of IKEA global sales. Which means IKEA has great development space in China and great market potential in Shanghai. (Chen, 2011)

In 2015, IKEA plan to open the third store in Baoshan district in Shanghai. In fiscal year 2011, IKEA China sales were over 4.9 billion RMB, and had an increase of 20 percent over the same period last year (Zhang, 2011).
1.2 Problem Discussion

Brand culture is a most important component of most Swedish companies’ business operations and marketing activities. In many cases competition has turned into more of a differentiation related issue than a question of actual products, and branding is at the center of consumption in more developed economies such as Sweden. (Aaker, 2000; Kapferer, 2003)

China is a country which has high developing speed especially in last 10 years, China is changing everyday and everywhere. So, Chinese market and Chinese consumers has had the earth-shaking change in recent years after IKEA went into Chinese market in 1998. The purchasing power of the Chinese consumer has exponential growth in the last years. Also the wide gap between the rich and the poor becomes wider and wider in China especially in first-tier cities, which IKEA stores settled in. But the IKEA's brand culture never changed with the changing market situation. An other one is, because the wide gap between the rich and the poor becomes wider and wider, the consumers begin to differentiate, not only in the purchasing power but also in the spiritual pursuit or mental pursuit, there are a lot of interpretations and understandings of the IKEA's brand culture from different levels of the consumers. (Yang, 2012)

IKEA's brand culture includes cheap, beautiful and good quality (IKEA, 2012). But this has problems in the Chinese market. Because the price which was cheap in Western countries are not cheap in China, because the income is quite different. So IKEA is hard to get the target of the cheap price, because of the cost is higher than the local companies. IKEA's price is in the middle level and not anyone can buy it. The local companies have lower prices than IKEA. That means, IKEA are not provide low-cost and high-quality furniture, so that everyone can buy them. This means IKEA not reach their own brand culture in Chinese market in the price.

China has recently developed into a market economy and its past and current situation in combination has lead to certain characteristics of the situation in the country. First of all, the production costs are very low and therefore China has turned into the
manufacturing location for innumerable foreign companies. Secondly, the knowledge of production is extensive due to this development. The last one is, the production focus with the conditions of the free market has lead to competition mainly through the price. All these factors form an economic and societal situation that differs strongly from the one in Sweden. Most Chinese people are lack of knowledge form the basis for Western branding practices, the background to understanding the brand culture can be assumed to be different in China. The political system is another important factor which can influence much of the economic activity in the country and companies’ operating abilities.

It is necessary to do research in this area, find out key points of the brand culture which are suitable to the markets nowadays to maintain the competitiveness and attractiveness of the brand. Do adjustments or add new connotations into the IKEA's brand culture to improve the market strategy to keep the attractiveness to consumers.

1.3 Purpose and Research Questions

Shanghai has the rapid development of the developing countries' markets. Thus, our research focus on IKEA in Shanghai through understanding the cultural backgrounds of Chinese market and the IKEA's brand culture.

The main purpose of our study is to analyze the IKEA's brand culture and its performance in the Chinese market. And to find if the IKEA's brand culture is suitable for Chinese market. At last we give suggestions to IKEA to adapt better in the Chinese market.

We analyse the collected information to study the IKEA's brand culture and consumer psychology and consumer behavior in Shanghai market nowadays. Using Hofstede's dimensions of cultural understanding, to assess the IKEA's brand culture in Shanghai and improve or modify it if necessary. Help IKEA to solve cultural questions caused by the developing of the market and give them suggestions to attract more local consumers through build a new brand culture or modify their brand culture to adapt to
the Chinese markets if is necessary. (Avinash, 2010)

The goal of this study is to investigate IKEA's brand culture is suitable in Shanghai market. Give IKEA some suggestions to attract more local consumers though build a new brand culture or adjustment their brand culture to adapt the markets if it is necessary.

The following research questions are addressed:

1. Does IKEA's brand culture gain the recognition of the Chinese market?
2. What conflicts are between IKEA's brand culture and nowadays Chinese market?
3. How can IKEA adapt to the Chinese market?

1.4 Disposition

Our research initiative has started with introducing the background of IKEA in Shanghai and IKEA's brand culture in China. This leads into the actual research: to investigate IKEA's brand culture and its performance in the Chinese market.

In order to provide readers with an understanding of our research, we introduce the disposition of our study by a brief description of each chapter.

1. **Introduction** gives the background of the research area as well as a company overview. A discussion of the problem follows and the purpose and research questions.

2. **Theoretical Framework** presents the theories used to structure the empirical findings and analysis. The theoretical framework is based on literature on theories of culture dimensions and brand culture. The first part of the chapter is about the brand culture, concept and functions of the brand culture. The second part is a definition of culture and the Chinese culture, also, the Chinese culture is evolving continuously and had a huge change in recent years which to be applied to study IKEA's brand culture
in the Chinese market. Hofstede's theories on culture is used to analyse cultural concepts and differences in the last part of the chapter.

3. Methodology presents the method we used for the research and describe the procedure of data collecting. The chapter includes the scientific perspectives, the research approaches, the type of research study used, and the method of data collection presentation and analysis is presented.

4. Empirical Findings introduces the data and information from the media, interviews and articles.

5. Analysis based on the data, includes the brand culture, Shanghai regional culture and the traditional Chinese culture. We analyse the IKEA's brand culture and its performance in the Chinese market. And if the IKEA's brand culture is suitable for the Chinese market, give our suggestions to the development of IKEA in the Chinese market.

6. Conclusion presents our results of this research study. All the study are follow the research questions. In this part we formulate the limitations of the study, and suggestions or directions for further research.

2. Theoretical Framework

This chapter presents the theories used to structure the empirical findings and analysis. The theoretical framework is based on literature on theories of culture dimensions and brand culture. The first part of the chapter is about the brand culture such as some basic concept and functions of the brand culture. The second part is a definition of culture and the Chinese culture. Hofstede's theories on culture is used to analyse cultural concepts and differences in the last part of the chapter.

2.1 Brand Culture

Brand Culture is one of the three legs of brand (Jonathan and Salzer-Mörling, 2005).
There are three important aspects support the brand: brand image, brand recognition and brand culture and the brand culture is the spirit of the brand strategy. Brand culture is built by the corporations but interpreted by the consumers with their own culture, this process is the cultural codes of branding (Jonathan and Salzer-Mörling, 2005).

Brand culture means to give the brand a profound and rich cultural connotations, establish a distinctive brand positioning. Every brand has its own culture, and its brand culture means the set of values that creates the brands inspiration and the source of the inspirational power that a given brand holds (Kapferer, 2004). Take advantage of a variety of strong and effective internal and external routes of transmission, to form a high degree of identity of the spirit of consumer brand, create a brand of faith, and ultimately the formation of a strong brand loyalty. Brand loyalty means to win the customer loyalty, in order to get a stable market, enhance the competitiveness of enterprises, and provide a powerful guarantee for the successful implementation of market strategy (Kapferer, 2004).

To create a corporate brand, we assumed that a corporate brand will support all aspects of the firm and differentiate the firm from its competitors (Harris and de Chernatony, 2001; Balmer, 2001). Brand culture highlights the company's external publicity, and advantages of integration which can convey the concept of corporate brand to the consumer, and then occupy the mind of the consumer. Brand culture is the heart of the brand of the company.

2.1.1 The role of Brand Culture

Oriented and Cohesion function

The Values, aesthetics, consumer attitudes which are advocated by the brand culture can play a role in guiding the consumers, to the track which is consistent with company's proposition, thereby enhancing consumer 's brand loyalty. The functional
properties, interests, cognitive, value proposition, and aesthetic features which are represented by the brand culture makes the brand like magnet to attract consumers. At the same time, the customers of other brands are also likely to be attracted, become the followers of the brand. Because in one market, people are from the same culture background, their values and life styles may be the same. It is necessary to conduct in-depth research on the cultural mindset of the target market of consumers and link it with the utility of the products, in order to give the brand the a personality, to promote the sales. (Lan, 2012)

**Enrich people's imagination and meet people's needs of non-material**

Brand culture can transform the spiritual wealth into the material wealth for the company. The brand's values, interests, attributes and emotional attributes can create consumer's perception, enrich consumer imagination, to stimulate their desire for consumption, so that they have the buying motives. At the same time, not only allow consumers to enjoy the material interests of the products, but also have a cultural meet. (Lan, 2012)

**Cultivate the brand's loyalty group**

The consumers from one market can be divided into firm type, unfirm type and varied by the consumer loyalty. The firm type of the loyalty group is the most important one for the company. Cultural differences of the brand, once the target consumer accepted that, is favorable for increase brand influence. Consumers will hard to change because of the cultural identity. (Lan, 2012)

**2.2 The Concept of Chinese Culture**

Culture is a social phenomenon which has been created by human after long term. It is also a historical phenomenon is the accumulation of social and historical matter. Culture refers to a country or a nation's history, geography, traditions and customs,
lifestyle, literary arts, behavioral norms, ways of thinking, values, etc. The definition of culture is essential to cultural studies. (Zhang and Fang, 1995) And the concept has always been contestable. Williams (1976) states that culture is one of the two or three most complicated words in the English language because it has now come to be used for important concepts in several distinct intellectual disciplines and in several distinct systems of thought.

**2.2.1 Chinese Culture and Contemporary Chinese values**

The cultural mentality of the pursuit of stable agricultural. Family as a unit of collectivist cultures. Strict hierarchy, moderation and do not like specialization are the characteristics of Chinese culture. (Zhang and Fang, 1995) Confucianism is the key to understand the traditional Chinese culture. It has competed with other schools of thought in history, such as Buddhism and Taoism. Undoubtedly, Confucianism is the most influential thought in China. It not only forms the foundation of the Chinese cultural tradition but also provides the basis for the norms of Chinese interpersonal behaviour (Pye, 1972). The Five Constant Virtues: humanity, righteousness, propriety, wisdom and faithfulness (Chen, 1986), are the basic teaching of Confucius which underlies the interactions among Chinese people in every aspect of their life. Confucianism is considered as a repository of myths, symbols, heroes, art forms, custom values, rites, artefacts, festivals and institutions which can act as markers defining Chinese culture (Croll 2006).

Core values are difficult to change, China is still a country of primary value orientation of collectivism, but individualism is gradually emerging. In the past, most consumers purchase the product almost the same, they do not want to buy the products different from others, do not like the limelight. People always feel bad if they buy the unique or special products, so people purchase the same products or receive the service almost the same. They do not want be special or different from others. (Zhang and Fang, 1995)
In the past, marketing in China is very difficult to introduce a product does not meet the public taste. However, Chinese people begin to emphasis on personality development and innovation, more and more people especially young people have their own unique taste. People begin to accept the fashion Western consumer attitudes so that their concepts changes. Because the Western factors will bring a new consumer concept. The development of the personal thinking in consumer behavior provide a big space for marketing. (Zhang and Fang, 1995)

It is generally believed that consumer behavior is "risk averse" behavior, contentment, a conservative consumption is the usual way of life of Chinese people, the pursuit of stability and security of life and gradually formed to avoid the risk of type values, sensitivity to consumer risk contributed to high averse behavioral tendencies. (Zhang and Fang, 1995)

The concept of consumption is constantly under attack, the pursuit of the high quality of life makes its constant struggle to promote their talents to be given full play, but also makes life full of confidence for the future. Consumer attitudes in the past living within our means constantly under attack, a lot people spend the money of tomorrow to make today's dream come true, such as home loans, car loans has become a very common consumption patterns.(Zhang and Fang, 1995)

### 2.3 Hofstede's Culture Dimensions and Sweden VS China on Hofstede's Model

Hofstede’s dimensions of culture were derived from his extensive organizational research which was undertaken as a programme from IBM. The study was performed between late 1970’s and early 1980’s, though it is criticized on several points, it is still used by businesses around the world for every study on culture and business environment. (Hofstede et al, 2010) Hofstede’s work focuses on 5 dimensions of culture, as follows:
**Power Distance Index (PDI):** It focus on the degree of equality or inequality between people in a country's society (Hofstede et al, 2010, p.61). Power and inequality are fundamental facts of any society and anybody with some international experience will be aware that "all societies are unequal, but some are more unequal than others" (Ghauri and Usunier, 2003, p140).

**Individualism (IDV):** It is the degree to which individuals are integrated in to groups. The collectivism versus individualism is about "I" versus "We"(Hofstede, 1998, p.18). Individualism means societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family (Hofstede et al, 2010, p.92). Conversely, collectivism means societies in which people from birth on wards are integrated into strong, cohesive in-groups, which continue protecting them in exchange for unquestioning loyalty (Hofstede et al, 2010, p.92).

**Masculinity (MAS):** Masculinity and its opposite, femininity, refers to the distribution of roles between the genders. In masculine countries, emotional gender roles are distinct: men are considered to be assertive and competitive, whereas women are considered to be more modest, tender and concerned with the quality of life. But in feminine countries, women and men have the same modest and caring values as men (Ghauri and Usunier, 2003, p140).

**Uncertainty Avoidance Index (UAI):** It indicates the extent to which a culture feels threatened or anxious about uncertain and ambiguous situations (Hofstede et al, 2010, p.191). In strong uncertainty avoiding countries, people would be more emotional and motivated by inner nervous energy. They may become uneasy, emotional or aggressive. In weak uncertainty avoidance countries, people are tolerant of opinions different from what they are used to. In these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions (Ghauri and Jean-Claude, 2003, p141).

**Long-Term Orientation (LTO)** versus short-term orientation: Long Term Orientation
includes the values of thrift, perseverance and the sense of shame; Short Term Orientation includes the values of respect for tradition, fulfilling social obligations, and protecting one's 'face'. Both the positively and the negatively rated values of this dimension are found in the teachings of Confucius, however, the dimension also applies to countries without a Confucian heritage (Luger, 2002, p.25).

2.3.1 Critique of Hofstede's Culture Dimensions

We have to take into consideration that much of the data that Hofstede's research is based upon were collected many years ago from 1967 to 1973 (Fang, 2005). His findings still effective under such a situation: the world is changing everyday because of the globalization speed is increasing in recent years (Yu, 2008).

“Culture assumes capacities to reconcile the opposite poles of all cultural dimension and can thus be both 'feminine' and 'masculine', both 'long-term' and 'short-term', etc. in a dynamic process of change and transformation”

(Fang, 2006, p.5)

Hofstede's culture dimensions is based on the western culture, and may not be suitable for the study of Chinese culture (Chen, 2006). For instance, Hofstede considers that the individualist's are the opposite of collectivist's, makes them polarized, which is different from Chinese culture. Family is the base unit of Chinese society, and also the motive power of individualist. But the collectivist which caused by agricultural culture which continued for thousand years makes the individualist and the collectivist coexisted for a long time. People's tendency of individualist or collectivist is based on their own decision after weighing, it always changes with the situation. (Chen, 2006)

It is also difficult to say that China is a masculine society or feminine (Chen, 2006). In triditional Chinese culture, people consider the power is the most important and the money is been neglected, but in coastal areas such as east China region, people
consider money is very important since the ancient times (Chen, 2006).

The long term orientation is a part of Chinese culture but not all Chinese culture. Chinese culture also include the feature of short term orientation(Chen, 2006). Confucian culture is moderate and inclusive, tend to one extreme does not conform to the nature of Confucian culture. China shows both long term orientation and short term orientation in the society (Chen, 2006). Because Chinese people also respect for the tradition and protecting ones face, according to Hofstede, these are all the features of short term orientation.

3. Methodology

This chapter describes the methodology and strategy we used for the research and introduced procedure of data collection.

3.1 Research Approach

We must consider all kinds of factors before we decide which kind of method to interpret in our research. Before we look deeper into different aspects of the research design we discuss a widely used distinction for research study, namely the one between qualitative studies and quantitative studies (Boris, Donald and Pamela, 2005). This distinction is based on the kind of information used to study a phenomenon.

Quantitative research methods are studies that are expressed in numbers and are often also analyzed in a quantitative way. Quantitative data is carried out through interviews or surveys. The quantitative approach is often used in order to explain something from a statistical point of view. It is a common method when dealing with survey investigations, experiments and time series analyses. (Lekvall and Walbin, 1993)

According to Lundahl and Skäravad (1999), the qualitative research method is collected through investigations such as surveys, interviews and case studies. The aim is to investigate values and attitudes, trying to understand and to construct a deep
study (Lundahl and Skärvad, 1999). Qualitative research is depicted as being about words as the unit of analysis rather than numbers (Daymon and Holloway, 2002) and has a number of characteristics which are discussed below:

- Words: Qualitative research focuses on words rather than numbers;

- Researcher involvement: The main instrument of qualitative research is that a researcher closely engages himself with the people being studied. This helps to investigate not only facts but also the attitude, perception of research problem and emotional aspect of respondent;

- Participant viewpoint: Qualitative research is also associated with desire to explore and present subjective perspectives of participants;

- Processual: Qualitative research rarely provides static picture of the problem. It aims to track the process that take place over time. (Daymon and Holloway, 2002, p.5-6) This is the case of our research as the authors aim to investigate the changes that took place over years.

When dealing with qualitative investigations, instead of turning values, attitudes and ideas into numerical data, it is more about trying to understand and interpret. The aim with qualitative research investigations is to study an issue deeply which is often performed through case or survey studies with a rather small amount of respondents (Lekvall and Walbin, 1993).

There are both advantages and disadvantages with the two research methods; while quantitative is often less resource demanding and time consuming the qualitative method makes it possible to create a deeper investigation. We should aware that there are no general guidelines as to when a qualitative or quantitative research approach is more appropriate. When making the choice as to whether to conduct a qualitative or quantitative study, we need to consider questions like: What is the research problem? What kind of information do you want to obtain and what do you already have access to? (Boris, Donald and Pamela, 2005)
When considering the purpose of this work the qualitative approach is an appropriate method since the subject matter is complex and about the culture and differs from case to case. Carson, Gilmore, Perry and Gronhaug (2001) argue that in a study of a complex phenomenon in a dynamic environment the qualitative research method allows variation and flexibility. Hence the qualitative research method will allow the authors to have some freedom when analyzing the results of the study since this research method enables variation and flexibility.

3.2 Research Strategy, Case Study

According to Yin (2003), there are three conditions to be considered when making the choice of research strategies: 1) the type of research question, 2) the control an investigator has over actual behavioral events and 3) the focus on contemporary as opposed to historical phenomena. Basing on our research question and research purpose, "case study" is the most suitable research strategy for our study. Yin (2003) describes five research strategies and one of these is case study, other four strategies include experiments, surveys, histories and an archival analysis. The case study approach is appropriate when the research questions are asked with words like "how" and "why". For instance, one of our research question is like " How can IKEA better adapt to the Chinese market?". Case study could help us to look for a rich description of context and processes. Direct observations and interviews of involved persons are included in case study, which means data could be collected and analyzed from different sources. Below are the methods for five research strategies.
Table 1 Relevant Situations for Different Research Strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Form of research question</th>
<th>Requires control over behavioral events?</th>
<th>Focuses on contemporary events?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Experiment</strong></td>
<td>How, Why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Survey</strong></td>
<td>Who, What, Where, How, many, how much?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Archival analysis</strong></td>
<td>Who, What, Where, How, many, how much?</td>
<td>No</td>
<td>Yes/no</td>
</tr>
<tr>
<td><strong>History</strong></td>
<td>How, Why?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Case Study</strong></td>
<td>How, Why?</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Source: Yin (2003)**

We use single case study to do the research. A single case study is analogous to a single experiment, and many of the same conditions that justify a single experiment also justify a single case study (Yin, 2003, p.39). In this work we concern with IKEA, thus the single case design has been chosen.

There are some inadequacies existed in case study strategy. Firstly, the results may be biased because of personal opinions. For instance, some idea may hurt people's interest but for the whole organization it is good, these would make people be biased.

We get data through interviewing two managers in IKEA, the manager of DSAP (Distribution Service of Asia-Pacific) and the quality manager of IKEA, to cover this problem. Secondly, because of using only one case company, the results may not be generalized. And insufficient information can lead to inappropriate results. To avoid this, we will try to use strong theoretical framework and ask interviewees more relevant questions to minimize the effect of these problems.
3.3 Data Collection

There are about six different sources of evidence: documentation, archival records, interviews, direct-observation, participant-observation and physical artifact. In our study we use three of them: interviews, documentation and observation (Yin, 2003). It is advisable to use several sources of data when doing a case study in order to gain a deeper understanding of the case (Merriam, 1998).

In our study, three strategies are used to collect data: interviewing, observing, and analyzing documents. Interviews are preferred when you need in-depth information and also an essential source of case study information, it is possible to discuss the case problems in interviews (Merriam, 1998).

An overview of this chosen process of collecting data is presented below with the help of a figure. At first, we design the research questions that can be answered by qualitative data according to our purpose of our study. After that, we choose the process for collecting and analysing data: the indirect data collection and the interview. Through the indirect data collection, we want to understand what has happened overtame and from this we can understand the changes better. We do not need to be directly involved in the data collection. Through the interview, we want to explore the issues as an external part to the process and unpack the research questions through the discussion (Merriam, 1998).
Source: Maylor and Blackmon, 2005, p. 221

3.3.1 Design the Interviews

Ghauri et. al (1995) suggest a series of steps when preparing for an interview: first analyze the research problem. Then understand what information is really needed to have from an interviewee. At last see who would be able to provide the information.

Interview is important in our case study, since we have in the qualitative research chosen to conduct face-to-face interviews to the extent possible considering that the interviewer should worked in the IKEA stores in Shanghai.

Only the employees from IKEA can answer our questions, we tried several times and different ways to contact with IKEA. At last, we contacted two people worked in IKEA Shanghai stores. The Interview and a Cooperation Request email has been send to them and they answered yes before the interview.

One interviewee is from IKEA Shanghai Xuhui store, he is a manager of Distribution Service of Asia Pacific (DSAP) (This person wants to be anonymous, he told us we can use Mr. Zhou). The other one is Allen Zhang, he is the quality manager of IKEA Shanghai Beicai store, responsible for the product quality in his store. Both of them are our classmates' friends, so they can tell us the truth and something from inside.
And they can provide informations that others can not. We interview them through skype video meetings, because both of them are in Shanghai, China, and we in Sweden. It is the most convenient way to interview with them.

The interview questions we designed are based on our research questions (see appendix). Categories of questions were created: General questions applicable for all, questions applicable only for their own positions and only for their own understanding and thoughts.

Both of them gave us information not only from their own position but also their understanding of IKEA brand culture and what they know happened in Chinese market in Shanghai. This information helps us to investigate the case in the analysis part.

We also used documentation as a way of collecting empirical data. Documentation can take many forms for example: letters, agendas, administrative documents, news clippings, articles, etc (Yin, 2003). Analyzing documents helped us because we got many other secondary data, which found in journals, internet, books and internal, newspapers and web-pages. We also use the official IKEA homepage and IKEA internal publication documents (the interviewers gave us some documents and told us we can use them). We got the informations which can be used in our study.

### 3.4 Data Presentation and Analysis

According to Daymon and Holloway (2002) data analysis is the process of bringing structure, order and meaning to the mass of unstructured data. Qualitative analysis is complex and time consuming as it requires search for answers in all data collected, active observation and accurate recall.

The process of data reduction took place after the interviews when we selected which data should be focused upon. The qualitative analysis is concerned with two main
factors: data reduction and interpretation. Data reduction refers to putting the data into categorized pieces choosing the most appropriate. The interpretation means bringing meaning to interviewee’s words and acts so that it corresponds to research area and chosen theory. We use the records and the notes of the interview, categorized all information with respect to help our study. Consequently after careful consideration we decided to organize the analytical portion of the study in accordance with the structure of the frame of reference.

3.5 Validity and Reliability

Everyone should think about the quality of the work when start up with writing a research study because it is the basis of doing research (Daymon and Holloway, 2002). Although the concepts of validity and reliability are typically used for the quantitative studies, they are also valid for qualitative studies. It is hard to evaluate the credibility of research findings since no one can know whether these results are right or wrong (Saunders et al, 2007). Thus, we should consider about the reliability and validity of data in order to decrease the possibility of wrong data and data misinterpreting.

Validity in qualitative research has to do with “whether the methods, approaches and techniques relate to the issues one wishes to explore” (Daymon and Holloway, 2002, p.90). Validity could be divided into two aspects: internal validity and external validity.

Internal validity means that the data collected by the researcher and the theoretical ideas that the researcher develops are consistent, and there exist a good correspondence between them. The researchers should be able to prove how they got from data to conclusions documenting and explaining each step. To improve the internal validity and credibility in this study, we used in-depth interviews and secondary-data, and the interviews have been connected to current theory in the field. Furthermore, the structure of empirical findings and analysis is in accordance with our theoretical framework so that the reader can follow the way of presenting the data and
the data analysis.
Reliability concerns the extent to which the research may be replicated, yielding the same results (Yin, 2003). In quantitative research reliability refers to reproduction of the same results or answers while using the same research instruments (Daymon and Holloway, 2002). But the qualitative research does not claim to be replicable (Yin, 2003). For qualitative research it is inappropriate to use the same notion of reliability and the research would difficult to be replicated. By making use of in-depth interviews, we tried to provide our study with a high degree of reliability. We present and justify this study's research process in order to make our data reliably and dependably.

4. Empirical Findings

In this part, we will introduce the data and information from the media, interviews and articles.

4.1 Current situation of IKEA

In 2012, IKEA have 10 stores and more than 370 suppliers (IKEA, 2011). As a company which have unique mode of operation, special Nordic style and brand image, IKEA's brand culture is constantly strives to provide customers with the furniture which is beautiful and practical, in a price which most people can afford these furniture for use.

4.2 History of IKEA

The IKEA's story follow the timeline of 3 acts.(Edvardsson and Edquist, 2002). IKEA's core concept were formed as a result of adapting the market. We can see from the table 2, as the Act I, in 1951, IKEA published its first catalogue, in the year of 1953, IKEA opening the first furniture showroom, in 1956, IKEA introduced flat packages and found the key for low cast production in the early 1960s. All these
improtant changes happened in Act I (Pan, 2005).

In Act II, IKEA experienced a period of high speed expanding internationalization process. At first in Scandinavian, and then to other countries of Europe, Australia and North America. IKEA arrived the US markets and be depicted the situation as slowly but surely, the staff in both Älmhult and the US have begun to understand the potential benefits of cooperation (Torekull, 1998).

Act III is considered as a further international expansion because IKEA arrived in China and re-enter into Japan and had more stores in all markets. When people go to more than 300 IKEA stores all over the world, they see and try furnishings before making a choice when they walk into the showrooms, and after that, take the flat-packed good home and assemble them by themselves (Pan, 2005).

**Table 2 The timeline of IKEA**

<table>
<thead>
<tr>
<th>Act I</th>
<th>1943</th>
<th>1947</th>
<th>1951</th>
<th>1953</th>
<th>1955</th>
</tr>
</thead>
<tbody>
<tr>
<td>IKEA founded</td>
<td>Furniture introduced</td>
<td>First IKEA catalogue</td>
<td>Älmhult showroom opened</td>
<td>Starts designing own furniture</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Begins testing flat pack</td>
<td>First shop outside Sweden</td>
<td>First shop outside Scandinavia</td>
<td>First shop Japan</td>
<td>First shop Australia</td>
<td>First shop Canada</td>
<td>First shop USA</td>
<td>Withdrawal from Japan</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First shop Shanghai China</td>
<td>First shop Beijing China</td>
<td>First shop Guangzhou China</td>
<td>First shop Chengdu China</td>
<td>Re-entering Japan</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Based on IKEA Group’s website and Edvardsson and Edquist, 2002.

### 4.3 Data of Shanghai

In the past of decade, Chinese people's income and their purchasing power has increased. However, the gap between the rich and the poor has expounded. As can
been seen from the table 3, per capita disposable income (PCDI) in 2000, low income group is 6840 yuan, for medium income group is 10529 yuan, and at the same time, high income group is 19959 yuan.

From 2000 to 2010, people's incomes increased rapidly, especially the high income group. In PCDI, low income group pick up to 14996 yuan, medium income increased to 27484 yuan, and high income group rose sharply from 19959 yuan to 62465 yuan. In per capita consumption expenditures, these three groups also growth greatly.

Table 3 Per Capita Annual Disposable Income and Consumption Expenditures of Urban Households in Main Years

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2000</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average per Capita Disposable Income</td>
<td>11 718</td>
<td>28 838</td>
<td>31 838</td>
</tr>
<tr>
<td>Low Income</td>
<td>6 840</td>
<td>13 205</td>
<td>14 996</td>
</tr>
<tr>
<td>Medium-low Income</td>
<td>8 815</td>
<td>19 320</td>
<td>21 780</td>
</tr>
<tr>
<td>Medium Income</td>
<td>10 529</td>
<td>24 717</td>
<td>27 484</td>
</tr>
<tr>
<td>Medium-high Income</td>
<td>12 692</td>
<td>32 212</td>
<td>35 120</td>
</tr>
<tr>
<td>High Income</td>
<td>19 959</td>
<td>57 726</td>
<td>62 465</td>
</tr>
<tr>
<td>Average per Capituar Consumption Expenditures</td>
<td>8 868</td>
<td>20 992</td>
<td>23 200</td>
</tr>
<tr>
<td>Low Income</td>
<td>6 272</td>
<td>11 654</td>
<td>12 555</td>
</tr>
<tr>
<td>Medium-low Income</td>
<td>7 516</td>
<td>16 155</td>
<td>15 970</td>
</tr>
<tr>
<td>Medium Income</td>
<td>8 555</td>
<td>18 487</td>
<td>21 611</td>
</tr>
<tr>
<td>Medium-high Income</td>
<td>9 445</td>
<td>24 253</td>
<td>29 773</td>
</tr>
<tr>
<td>High Income</td>
<td>12 763</td>
<td>36 083</td>
<td>40 744</td>
</tr>
</tbody>
</table>

Source: Survey Office of the National Bureau of Statistics in Shanghai

From table 4 it can be seen that in the past of 20 years, price for food and residence increased. Compared with other data, price for home appliances and repair service keeps steady. Price for home appliances and repair service in 1998 and in 2010 is 121.9 and 122.1, respectively. Thus, in this period, price for furniture industry is changed steadily.

According to the table 5, there was an evident increase in average deposits from 1998 to 2010. The average deposits in 1998 and in 2010 is 15540 yuan and 70918 yuan, respectively. This means the quality of people's life has improved.
Table 4 Overall Residents Consumer Price Index (1990 =100) (1991-2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall Residents Consumer Price Index</th>
<th>Food</th>
<th>Cigarettes, Liquors and Related Items</th>
<th>Clothing</th>
<th>Home Appliances and Repair Service</th>
<th>Medicine, Medical Services and Personal Articles</th>
<th>Transportation and Communication</th>
<th>Recreation, Education and Culture Articles</th>
<th>Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>110.5</td>
<td>113.5</td>
<td>103.0</td>
<td>105.7</td>
<td>112.5</td>
<td>113.1</td>
<td>108.5</td>
<td>96.9</td>
<td>129.3</td>
</tr>
<tr>
<td>1992</td>
<td>121.6</td>
<td>128.7</td>
<td>113.0</td>
<td>115.7</td>
<td>115.4</td>
<td>132.7</td>
<td>108.9</td>
<td>93.8</td>
<td>153.9</td>
</tr>
<tr>
<td>1993</td>
<td>145.1</td>
<td>157.2</td>
<td>124.5</td>
<td>137.3</td>
<td>126.4</td>
<td>151.8</td>
<td>127.5</td>
<td>115.7</td>
<td>206.8</td>
</tr>
<tr>
<td>1994</td>
<td>181.0</td>
<td>207.1</td>
<td>139.5</td>
<td>158.8</td>
<td>140.2</td>
<td>180.9</td>
<td>149.5</td>
<td>136.1</td>
<td>249.4</td>
</tr>
<tr>
<td>1995</td>
<td>214.9</td>
<td>201.2</td>
<td>149.1</td>
<td>172.8</td>
<td>145.5</td>
<td>199.0</td>
<td>171.5</td>
<td>158.2</td>
<td>300.0</td>
</tr>
<tr>
<td>1996</td>
<td>234.6</td>
<td>288.6</td>
<td>149.1</td>
<td>187.8</td>
<td>144.2</td>
<td>210.9</td>
<td>181.9</td>
<td>187.6</td>
<td>339.1</td>
</tr>
<tr>
<td>1997</td>
<td>241.2</td>
<td>288.6</td>
<td>134.0</td>
<td>169.9</td>
<td>131.8</td>
<td>212.4</td>
<td>210.3</td>
<td>205.6</td>
<td>390.9</td>
</tr>
<tr>
<td>1998</td>
<td>241.2</td>
<td>282.3</td>
<td>129.2</td>
<td>178.5</td>
<td>121.9</td>
<td>219.5</td>
<td>210.1</td>
<td>216.0</td>
<td>450.9</td>
</tr>
<tr>
<td>1999</td>
<td>244.8</td>
<td>274.9</td>
<td>129.0</td>
<td>175.5</td>
<td>117.5</td>
<td>223.6</td>
<td>245.1</td>
<td>244.1</td>
<td>477.5</td>
</tr>
<tr>
<td>2000</td>
<td>259.9</td>
<td>270.0</td>
<td>126.1</td>
<td>167.2</td>
<td>112.5</td>
<td>223.4</td>
<td>271.9</td>
<td>296.6</td>
<td>493.3</td>
</tr>
<tr>
<td>2001</td>
<td>259.9</td>
<td>270.0</td>
<td>124.7</td>
<td>165.4</td>
<td>108.3</td>
<td>217.5</td>
<td>265.7</td>
<td>302.8</td>
<td>505.8</td>
</tr>
<tr>
<td>2002</td>
<td>252.2</td>
<td>276.5</td>
<td>123.4</td>
<td>161.2</td>
<td>105.8</td>
<td>212.4</td>
<td>258.4</td>
<td>306.3</td>
<td>504.6</td>
</tr>
<tr>
<td>2003</td>
<td>252.5</td>
<td>282.3</td>
<td>123.1</td>
<td>157.2</td>
<td>105.1</td>
<td>212.4</td>
<td>249.3</td>
<td>306.2</td>
<td>510.2</td>
</tr>
<tr>
<td>2004</td>
<td>257.8</td>
<td>306.6</td>
<td>121.0</td>
<td>148.1</td>
<td>102.3</td>
<td>212.2</td>
<td>240.4</td>
<td>306.0</td>
<td>518.5</td>
</tr>
<tr>
<td>2005</td>
<td>260.3</td>
<td>319.4</td>
<td>120.6</td>
<td>138.4</td>
<td>103.6</td>
<td>212.9</td>
<td>243.9</td>
<td>300.8</td>
<td>533.7</td>
</tr>
<tr>
<td>2006</td>
<td>263.4</td>
<td>327.5</td>
<td>120.9</td>
<td>145.2</td>
<td>106.4</td>
<td>215.2</td>
<td>227.8</td>
<td>295.5</td>
<td>549.2</td>
</tr>
<tr>
<td>2007</td>
<td>271.7</td>
<td>358.3</td>
<td>121.7</td>
<td>147.1</td>
<td>109.9</td>
<td>215.7</td>
<td>220.8</td>
<td>287.4</td>
<td>573.9</td>
</tr>
<tr>
<td>2008</td>
<td>287.4</td>
<td>413.1</td>
<td>123.7</td>
<td>149.5</td>
<td>119.0</td>
<td>222.5</td>
<td>215.3</td>
<td>282.3</td>
<td>588.4</td>
</tr>
<tr>
<td>2009</td>
<td>289.3</td>
<td>421.6</td>
<td>124.7</td>
<td>148.5</td>
<td>120.8</td>
<td>221.3</td>
<td>210.0</td>
<td>276.5</td>
<td>588.1</td>
</tr>
<tr>
<td>2010</td>
<td>295.2</td>
<td>454.1</td>
<td>126.1</td>
<td>146.4</td>
<td>122.1</td>
<td>229.5</td>
<td>204.5</td>
<td>270.0</td>
<td>587.9</td>
</tr>
</tbody>
</table>

Source: Survey Office of the National Bureau of Statistics in Shanghai

Table 5 Savings Deposits at Year-End (1997-2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings Deposits (100 million yuan)</th>
<th>of which</th>
<th>Average deposits (yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Time Account</td>
<td>Current Account</td>
</tr>
<tr>
<td>1997</td>
<td>2,109.18</td>
<td>1,843.25</td>
<td>265.93</td>
</tr>
<tr>
<td>1998</td>
<td>2,372.04</td>
<td>2,017.16</td>
<td>355.78</td>
</tr>
<tr>
<td>1999</td>
<td>2,597.12</td>
<td>2,119.82</td>
<td>477.30</td>
</tr>
<tr>
<td>2000</td>
<td>2,527.07</td>
<td>2,084.21</td>
<td>542.86</td>
</tr>
<tr>
<td>2001</td>
<td>3,109.50</td>
<td>2,301.33</td>
<td>808.17</td>
</tr>
<tr>
<td>2002</td>
<td>4,915.54</td>
<td>3,603.05</td>
<td>1,312.49</td>
</tr>
<tr>
<td>2003</td>
<td>6,064.60</td>
<td>4,250.87</td>
<td>1,793.73</td>
</tr>
<tr>
<td>2004</td>
<td>6,900.99</td>
<td>4,904.93</td>
<td>2,050.00</td>
</tr>
<tr>
<td>2005</td>
<td>8,432.49</td>
<td>5,071.83</td>
<td>2,360.66</td>
</tr>
<tr>
<td>2006</td>
<td>9,480.28</td>
<td>5,701.97</td>
<td>2,778.31</td>
</tr>
<tr>
<td>2007</td>
<td>9,326.45</td>
<td>5,185.86</td>
<td>3,140.60</td>
</tr>
<tr>
<td>2008</td>
<td>12,083.66</td>
<td>8,555.64</td>
<td>3,528.02</td>
</tr>
<tr>
<td>2009</td>
<td>14,287.65</td>
<td>7,733.13</td>
<td>4,624.53</td>
</tr>
<tr>
<td>2010</td>
<td>16,249.29</td>
<td>10,853.11</td>
<td>5,395.19</td>
</tr>
</tbody>
</table>

Source: Shanghai Headquarters of the People's Bank of China. (Since 2000, the deposits of residents referred to all deposits in foreign and domestic currency of foreign and domestic funded financial institutions.)
4.4 Data from IKEA

The figure 3 indicates the development of IKEA. We can see that revenue of IKEA was on a steady rise from 2001 to 2011. Revenue of IKEA in 2011 was 25.2 billion, more than 2 times as much as its revenue in 2001 which was 10.4 billion.

**Figure 3 Consolidated income statement**

![Consolidated Income Statement](image)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>25,173</td>
<td>23,539</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>13,773</td>
<td>12,454</td>
</tr>
<tr>
<td>Gross profit</td>
<td><strong>11,400</strong></td>
<td><strong>11,085</strong></td>
</tr>
<tr>
<td>Operating cost</td>
<td>7,808</td>
<td>7,888</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,592</td>
<td>3,197</td>
</tr>
<tr>
<td>Total financial income and expense</td>
<td>165</td>
<td>76</td>
</tr>
<tr>
<td>Income before minority interests and taxes</td>
<td>3,757</td>
<td>3,273</td>
</tr>
<tr>
<td>Tax</td>
<td>781</td>
<td>577</td>
</tr>
<tr>
<td>Income before minority interests</td>
<td><strong>2,976</strong></td>
<td><strong>2,696</strong></td>
</tr>
<tr>
<td>Minority interests</td>
<td>(10)</td>
<td>(8)</td>
</tr>
<tr>
<td>Net income</td>
<td><strong>2,966</strong></td>
<td><strong>2,688</strong></td>
</tr>
</tbody>
</table>

**Source: Welcome inside IKEA 2011 update**

The figure 4 shows the information of IKEA's sales and purchasing. And it reflects the position of China in IKEA's global development. The yellow colour in the figure means the European market, the orange means the Aisa-Pacific market and the Russian market, the Pink means the North American market. The numbers in circles means the number of stores in that area. And also the top 5 selling and purchasing countries of IKEA are listed on the left part of the figure. In order to give readers an understanding of this figure, we organize it into two tables, which are table 6 and table 7.
Table 6 shows the top 5 selling and purchasing countries. Germany is ranked first in IKEA selling countries, followed by USA at 11% and France by 10%. Italy takes up 7%, and at the bottom is Sweden, which accounts for 6%. On the top of the IKEA purchasing countries is China, which accounts for 22%. Poland is second to China, takes up 18%. Italy ranked third, Sweden and Germany accounts for 5% and 4%, respectively.
Table 6 The top 5 selling and purchasing countries

<table>
<thead>
<tr>
<th>IKEA TOP 5 Selling Countries</th>
<th>Germany</th>
<th>USA</th>
<th>France</th>
<th>Italy</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(15%)</td>
<td>(11%)</td>
<td>(10%)</td>
<td>(7%)</td>
<td>(6%)</td>
</tr>
<tr>
<td>IKEA TOP 5 Purchasing Countries</td>
<td>China</td>
<td>Poland</td>
<td>Italy</td>
<td>Sweden</td>
<td>Germany</td>
</tr>
<tr>
<td></td>
<td>(22%)</td>
<td>(18%)</td>
<td>(8%)</td>
<td>(5%)</td>
<td>(4%)</td>
</tr>
</tbody>
</table>

Source: Welcome inside IKEA 2011 update

The table 7 indicates per region IKEA's purchasing, sales and co-workers in the world. As we can see from the table, Europe has the largest proportion of these three aspects. Russia, China and Australia takes up 33% in purchasing and 7% in sales. In co-worker per region, they merely have 8000 co-workers. China accounts for 22% in the purchasing of IKEA, but small proportion in the sales of IKEA because all the Russia and Asia-Pacific region only takes 7% in sales of IKEA.

Table 7 Per region of IKEA's purchasing, sales and co-workers in the world

<table>
<thead>
<tr>
<th>Region</th>
<th>Purchasing per region</th>
<th>Sales per region</th>
<th>Co-workers per region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>63%</td>
<td>79%</td>
<td>106,500</td>
</tr>
<tr>
<td>North America</td>
<td>4%</td>
<td>14%</td>
<td>16,500</td>
</tr>
<tr>
<td>Russia, Asia and Australia</td>
<td>33%</td>
<td>7%</td>
<td>8,000</td>
</tr>
</tbody>
</table>

Source: Welcome inside IKEA 2011 update
4.5 Results of Interviews

4.5.1 Understanding of IKEA's Brand Culture

Mr. Zhang thinks the IKEA's brand culture in Shanghai is as the same as Sweden: Design and sell the unique IKEA style products for many people to improve their everyday life. That including several parts of concepts such as the life style, the consumption concept, the pursuit of quality of life, the philosophy of furniture and the environment. Mr. Zhang also thinks IKEA's brand culture is reflected by these areas: the design of products, the mode of operation, the way of marketing and the way of service.

Mr. Zhang said that in the design area, there is a professional design team including more than 100 professional designers working hard for IKEA to design the products with these characteristics: low-cost, beautiful, practical, simple, environmental protected and nordic style. Simplicity is a virtue stated by IKEA, and the last physical attribute of the product policy is packaging, which involves designing and producing the container or wrapper for a product it also achieves the aim of reduce the costs. In the mode of operation in Shanghai, IKEA fully demonstrated their culture during the control of operation cost, the brand, the management and the image. Cooperation between designer and the manufacturer, patented products, direct marketing, uniform dress code are all very important facts and most consumers accept these.

Mr. Zhou thinks IKEA's brand culture is an informal corporate culture, which comes from Scandinavia and Sweden, such as informal, focusing on costs, humor and the method of down to earth. In IKEA's communication and training, they implant the values and purpose of being responsible, it has become an important part of their culture. IKEA believe that the brand culture is very important for the conduct of business and to attract investors. The brand culture is attached considerable attention in the marketing, sales, product development, training and recruitment process.

Mr. Zhou says that in January 1998, IKEA opened its first store in China in Shanghai,
however, due to the differences in the economic situation between Western countries and China, even if the price of IKEA products are very cheap for Western consumers, in the Chinese market its price is hard to be accepted by ordinary consumers. And IKEA also has the competition from the local low-cost furniture brand and other foreign brands such as B&Q, making IKEA to continue to adjust the price in order to let more Chinese consumers afford its products. The British B&Q entered China in 1999 and has the first store in Shanghai too, just like IKEA entered Shanghai market in 1998.

4.5.2 Culture of Shanghai

Mr.Zhang thinks that the Shanghai regional culture is based on Chinese traditional culture, which integrates the elite culture of East China such as Zhejiang province and Jiangsu province, and absorb Western cultural factors, after that create its own new unique regional culture. The characteristics of Shanghai regional culture are: absorbing the new factors, no blind obedience, good at innovation and pursuing the perfect. It's a kind of unique regional culture, which have the feeling of self-superiority. That's why Shanghainese always pay more attention to protect their face and they are so face-loving. For instance, the rich want all others know they are rich, and the poor always cover up they are poor.

Mr.Zhou said that Shanghai regional culture is different from the culture of Beijing. Beijing regional culture is the authentic traditional culture, it focus on culture but underestimates business, and do not attach importance to the appearance and details. Whereas, Shanghai regional culture is full of commercial factors, the businessmen have a higher status, advocates gender equality and focus on the appearance and details. A well-known writer from Shanghai, Mr. Cao Juren, has a vivid description of this circumstance. Beijing regional culture is like a dowager, but Shanghai regional culture is like a modern girl( Cao, 2011). Shanghai regional culture is the new culture that combine the benefits of traditional Chinese culture and Western culture. Furthermore, Shanghai region has the best foundation of economic civilization. So
Shanghai always be the first market when the foreign companies enter China (Li, 2006).

4.5.3 Target Group

Mr. Zhang said that the most important target group in Shanghai market is the white-collar, and people who like simple and clean. Also someone enjoy assembling the furnitures by their own.

Mr. Zhou thinks the white-collar are the target group of IKEA in Shanghai market. Because the white-collar group always young, courage to try new things and they also have enough purchasing power because their income level is at least in the middle income level of Shanghai. They do not want to buy the cheap local goods but cannot afford the luxuries, so they choose IKEA as a fashion brand, instead of the luxury brands.

4.5.4 IKEA's Performance in Shanghai Market

Mr. Zhang said that IKEA opened 2 stores in Shanghai, one is Xuhui store and another is Beicai store, and preparing to open third one as soon as possible. Because of the target group is the young white-collar group, which are not so rich and most of them take public traffic such as subway and bus to go to work, IKEA focus on advertising on the bus handrails and the wall of subway stations. IKEA's products catalog also works in order to maintain customer loyalty.

Mr. Zhou thinks that IKEA's customers are increasing, it is very difficult to reach the IKEA's traditional purpose in Shanghai market: produce inexpensive, good quality furniture and interior solutions that as many people as possible can afford. Mr. Zhou said that the top 3 per capita income cities of mainland China is Shanghai, Beijing and Guangzhou. Shanghai is the highest one with average monthly income 3800 yuan which is 1/6 of Hong Kong. Mr. Zhou told us that the annual average per capita consumption in furniture area of Shanghai, Beijing and Guangzhou are 218 yuan, 166 yuan and
89yuan. These data have 3 meanings: China has low overall income levels, the gap between rich and poor is quite wide in Shanghai (the 88% of total household assets come from the rich families which are only 10% of the total families), Chinese people not often buy new furnitures unless the old one was broken or moving to a new house. After went into Shanghai market, IKEA almost reduce the price every year to attract more people, but still is expensive for people (Chen, 2005).

**4.5.5 IKEA’s Advantages and Disadvantages**

Mr. Zhang thinks that IKEA's advantages are: Having a good reputation in the white-collar group. The loyal customers which accumulated over years. Simple design style, the lower price based on the low-cost production, transportation and sales. The fast convenient customer service.

Mr. Zhang thinks the IKEA's disadvantage is the quality of products. Because IKEA reduce the cost as much as possible from design, materials, production processes to transportation, it is difficult to make 100% guarantee that the quality of products is the best. Some kind of products are designed with some limits such as the time of using and its strength. Especially the products which are manufactured by Chinese suppliers: they supply the products which may cause problems to Chinese market but the good one to overseas markets (Wang, 2008).

Mr. Zhou consider that the advantage of IKEA is IKEA's brand concept that provides the following information: IKEA is not just a store, it is a kind of religion; IKEA not just selling the furniture, it build up a dream for you. IKEA bring the simple, elegant Nordic atmosphere and the attitude of life which is close to the nature. IKEA always focus on innovation of the concept, such as the topic of 2012 is: How to use the small space in a clever way?

Mr. Zhou said the disadvantages is the expansion in China market is in a very slow speed. IKEA went into China in 1998 and British brand B&Q went into China in 1999. Both of IKEA and B&Q choose Shanghai as the first market. But in 2012, IKEA only
have 10 stores in China but B&Q have more than 50 stores. The B&Q stores are the same size as IKEA stores, the difference is B&Q rent the buildings but IKEA build the buildings by itself.

5. Analysis

*In this part, we analysed the brand culture and the Shanghai regional culture and the traditional Chinese culture. We discussed IKEA's brand culture and its performance in the Chinese market and if the IKEA's brand culture is suitable for the Chinese market. At last, give our suggestions to the development of IKEA in the Chinese market.*

5.1 Compared IKEA's Brand Culture with Shanghai Regional Culture

5.1.1 Similarities and Differences

The similarities between IKEA's brand culture and Shanghai regional culture are: adept at innovation, the pursuit of higher quality and graceful life. Shanghai regional culture is based on Chinese traditional culture and developed by absorbing some Western cultural factors. Both of them keep their own characteristics and also absorb other foreign characteristics.

The differences between IKEA's brand culture and Shanghai regional culture are: the concept of equality. Including the equality between the service personnel and the consumers. And the value of intellectual property and patents design. The special design and the intellectual property are important in IKEA's brand culture, but the Shanghai regional culture considers the material of the products are more important.
5.1.2 PDI, UAI and the Attitudes to time

China has high score of 80 in the higher rankings of PDI, that means Chinese society believes that inequalities amongst people are acceptable. The subordinate-superior relationship tends to be polarized and there is no defense against power abuse by superiors. Individuals are influenced by formal authority and sanctions (Hofstede et al, 2010). Contrarily, IKEA comes from Sweden, Sweden’ score of PDI is 31, which means that the following characterises the Swedish style: Being independent, hierarchy for convenience only, equal rights, superiors accessible, coaching leader, management facilitates and empowers. This will affect the consumers' view of consumption, because this will produce self-abased and conceited for the consumers from different power positions.

At 30 China has a low score on uncertainty avoidance. That means Chinese people's safety awareness is relatively weak. This also means that none the less, adherence to laws and rules may be flexible to suit the actual situation and pragmatism is a fact of life. For example, when Chinese consumers buy a closet, they never read the instructions. They just put the things what they want to put, on the closet, never calculate the maximum loading capacity of the closet and the weight of the things they put, they just do when they want and what they want and ignore the design performance of the closet. This will certainly cause problems for IKEA if the consumers do not read the instructions.

Attitudes to time means the way in which societies look at time. Long Term Orientation including the values of thrift, perseverance and the sense of shame; Short Term Orientation including the values of respect for tradition, fulfilling social obligations, and protecting one's 'face'(Hofstede et al, 2010). In some societies what somebody has achieved in the past is not important. It is more important to know what plans they have developed for the future. In other societies you can make more of an impression with the past accomplishments than those of today. Chinese people are nostalgic, they take care of the time which had already past(Chen, 2006). For example,
when someone bought a closet and used it for many years, he will have the feelings of attachment. This may cause some problems: He may still use it even if it had broken, he may not buy a new one instead.

5.1.3 The Sense of Superiority

We taking into consideration our observations, can create a new cultural dimension in order to describe the Shanghai region culture better: the sense of superiority. Shanghai region culture has a strong sense of superiority. Shanghainese think they have a higher society position from other Chinese people (Li, 2006). They are extremely proud of they are Shanghainese and proud of their local dialect, custom and life style. Inside Shanghai, these people who are richer, more powerful and more learned, have the stronger sense of superiority. They want to show what they have anytime and anywhere (Li, 2006). Because they think this can make them more special and earn the respect. The rich never buy the cheap things or the normal brand, they focus on the luxury, and the poor also make up and go to some high-consumption areas even they never buy anything. Because they do not want others know that they are poor. That's why Shanghainese always pay more attention to protect their face and they are so face-loving (Li, 2006).

Another issue is, some local consumers from Shanghai market always think that they pay money not only for the products, but also the service, they want to enjoy the service such as delivery service and the assembly services, they do not agree that they pay the money and still need to put the products together with their own hands because the strong sense of superiority. Some of them even prefer to pay more money to enjoy the service rather than pay less and doing the work by themselves. We can also see ( see Table 3 the average per capita disposable income, the low income group was 6840 CNY in year 2000 and 14996 CNY in year 2010, but the high income group was 19959 CNY in year 2000 and 62465 CNY in year 2010 ) the gap between poor and rich is becoming wider years by years.
5.2 IKEA Reaching Its Brand Culture

IKEA's brand culture is to create a better everyday life for many people. Our mission is to offer a wide range of well-designed, functional home furnishing products at prices so low that as many as possible will be able to afford them. But through our interviews and analysis, we find IKEA has not achieved its brand culture in Shanghai market.

5.2.1 IKEA is "Mr.misunderstanding"

Because of the high price, the paradise of wage earners becomes to the place of high income bracket. Most of IKEA stores buy land to build stores rather than rent the store or set up their stores in shopping mall. Having own independent shopping malls, restaurants, warehouses and parking lots, all these give people an expensive and high-end brand feeling(Li, 2010).

In the mind of Shanghainese, the personality of IKEA's brand tends to fashion, and more and more on behalf of middle-class lifestyle. The Beicai store's opening seems to reflect this tendency (Chen, 2005). About the transportation of Beicai store, there is no subway going directly to IKEA, and by bus will also take long time. The free shuttle bus has the sense of useless because only one bus goes every hour. Thus, only private cars and taxis could go freely due to the huge parking lot.

The aim of most Shanghai customers to go to IKEA is not to purchase large-scale furniture, but to buy a cup of coffee or Swedish snacks, they would have a rest or chat with friends as a kind of leisure. Although sometimes they will buy small things, always the cheap ones( Wang, 2008 ).

Though IKEA spread the philosophy of life with Nordic characteristics to China successfully, they apparently did not do their best in furniture sales(Li, 2010). Low-income people think IKEA as a high-end brand, however, high-income people only care about the real high-end furniture brand, which makes the misunderstanding
deepening. According to Hofstede's Culture Dimensions, China has high score with 80 of PDI, means power and inequality are fundamental facts in China and it is more unequal than other countries. Rich people always want show that they are rich and their taste are different from others. And China also high score 118 of LTO, means the Chinese care about the perseverance and the sense of shame. In addition, in Chinese market, IKEA only set stores in extra large cities and first-tier cities, such as Shanghai, Beijing, Guangzhou, etc. This lead other consumers of second-tier and third-tier cities consider that IKEA must be high-end foreign brands, even though they may not have been to the IKEA stores (Li, 2010).

5.2.2 The Embarrassment

The embarrassment phenomenon is: A part of Shanghai consumers agree with IKEA's brand culture, but they do not recognize IKEA products. Firstly, this shows that IKEA's brand culture is deeply rooted and is known to all. It advocated the simple and elegant design, focus on environmental protection, and its culture of freedom and leisure life has been recognized by consumers. Secondly, it shows that IKEA's products in Chinese market have some problems: a) they are not cheap enough, and b) the quality of their products do not meet Shanghai consumers' satisfaction. Some consumers consider that only pay attention on the beautiful design cannot meet the practical function of furniture, especially the aim of design which want to reduce the costs as much as possible makes most furniture without enough quality assurance. Therefore, it may cause quality problems when using them, which Chinese consumers cannot accept. Chinese consumers consider that they have high requirements to the quality of furniture. Which IKEA sells is the furniture, not the crafts, so only the beautiful design is not enough. Because the Chinese culture and Chinese people are nostalgic, they take care of the time both the past and the future, Heritage is an important part in Chinese culture, People want to buy the furnitures with good quality so that they can leave the furnitures for their children (Li, 2010).

Besides, another embarrassment situation is the IKEA's price and its target group.
IKEA's target group departures from "the masses" in China. IKEA faces with a dilemma choice: a) continue to reduce prices to meet the majority of Chinese consumers, or b) to maintain the original price, waiting for the consumption capacity to increase.

5.3 The Suggestion for IKEA in Shanghai

According to our study, it is better for IKEA to pay more attention to the following aspects and do the changes following.

5.3.1 The brand culture

To remove the misunderstandings is the most important thing of IKEA in Shanghai market. IKEA's brand culture is contradictory with its products in such a high price. In the shadow of the high price, the concept which wants to improve the quality of life seems like an empty talk. As a "outcomer", although IKEA already entered into Shanghai market for more than 13 years, it is not a short time, but compared with its more than 60 years history in Sweden, it obviously have different understanding basis( Wang, 2008). It will take time, but IKEA can do some effort to accelerate the process. For instance, reduce the price or accelerate the expansion to more cities.

5.3.2 The speed of expansion

Compared with other competitor, IKEA's development speed is quite slow.

It is unbelievable that until 2004, IKEA had only 2 stores in mainland China. The speed with 2 stores in 6 years is too slow in such a developing market as China( Chen, 2005 ). Today's market situation does not allow IKEA operate its Chinese market in such a low speed. IKEA's competitor like B&Q entered Chinese market after IKEA in the year of 1999. But in 2012, B&Q have more than 50 stores not only in the first-tier cities but the second and the third-tier cities. IKEA only have 10 stores in first-tier cities ( Li, 2010 ). In the introduction of the IKEA website, China is be described as
IKEA's most biggest supplier countries, not the big selling market (Wang, 2008).

The small quantity of the stores also brings pressure to enhance the performance, only when the stores reached a certain number, the logistics and supply chain 's effect can be given full play, thus reducing costs (Li, 2010). Mr. Zhou told us that this is the most effective way to reduce the costs which dose not reduce the quality of the product as the cost. So it is better for IKEA to improve the speed of development in order to make the logistics and the supply chain effective to reduce the price.

5.3.3 Price and Quality

The Quality factor is the first factor that Shanghai consumers consider when buying furnitures. We believe that IKEA have to improve the quality of their products, because according to Chinese traditional concepts that furniture should be reliable and durable. There should be considered to increase the furniture's quality and reliability in the design. For instance, it could add one more screw or change another more solid material in design to ensure the quality. Since most Chinese consumers would not read the data of furniture provided by the instructions such as bearing capacity, they are based on their experiences to use the furniture (Li, 2010). Thus once the bearing capacity of IKEA's furniture is not enough or less than the expectations of Chinese consumers, problems would occur when in using. Mr.Zhang also agree with this when we discuss the products quality of IKEA. And Mr. Zhang also consider the quality of the products is the disadvantage of IKEA which we can see in the findings.

In addition, IKEA could have two choices in terms of price: a) continue to cut prices. To play the role of procurement, logistics, supply chain to reduce prices, rather than saving material when design. b) IKEA could consider to establish a sub-brand into the high-end furniture market, to sale the boutique furniture with high quality and high-end design. If IKEA could confirm the good quality of their furniture, its brand would be recognized by the high-end consumers, so as to enhance their brand awareness. Because Chinese cultues has a high score of LTO, people care about the
long time, the past and the future, they care about the quality of the furniture so that they can leave these for their children (Li, 2010).

6. Conclusion

In this part, we present and discuss the conclusion of our study. We also discuss limitation of our work and suggestions for further research.

6.1 Conclusions of the research study

The main purpose of this study is to investigate IKEA’s brand culture and its performance in Shanghai market and if IKEA’s brand culture is suitable for Shanghai market. And then, give suggestions to the development of IKEA in the Chinese market.

According to the analysis, we find out IKEA does not do well as they wish, and their price is still high in the Shanghai market. This makes people confused with IKEA's brand culture, it is not clear with the purpose of providing good quality products to improve people's life in a cheap level. Although IKEA's brand culture has some different aspects with Shanghai reginal culture and the rich people do not care about IKEA's products, because they have strong sense of superiority and want something special. But most people can accept IKEA because most people are not so rich in spite of some of them may not afford because Shanghai regional culture is good at absorbing new foreign factors

Ian Duffy, IKEA's CEO of Asia- Pacific region, once commented on IKEA China that IKEA China is like a little child in the IKEA family, it is young but will surely grow bigger and bigger. (Pan, 2005). But consider the develop speed of IKEA nowadays, we think it is better for IKEA to improve the speed of development, in order to make the logistics and the supply chain be effective to reduce the price and through the development, remove people's misunderstanding about its brand's culture.
The improving of the quality of its products is very very important things for IKEA if IKEA want to have a better development in Shanghai market.

6.2 Limitation and further research

We only have 2 interviewers from IKEA Shanghai, because it is difficult to find interviewers and get the agree of the interview. We tried our best to find more interviewers but we failed. We think that if we can find more interviewers we may get more information to use. Another limitation is, it is hard to define the Shanghai reginal culture strictly, because it has some differences from traditional Chinese culture, and it has hundred years history but developing very fast since 1843, it is still developing and changing everyday, because Shanghai is the most commercial and open city of China. Shanghai reginal culture has a lot of content because it absorb different cultures from outside. We focus on the dimension of the sense of superiority, one of the most characteristic of Shanghai reginal culture.

Our research is based on the interviews, but both of the interviews are Shanghainese, they have their own understanding of IKEA's brand culture and Shanghai reginal culture. Further research can find foreigners to get the information from IKEA Shanghai, such as Swedish employees or managers who worked in IKEA Shanghai stores. Further research also can study deep into Shanghai regional culture because it is a special regional culture with its special historical background and it is very influential in East China. Further research also can do better in study the Shanghai consumer's behavior under the influence of the culture. We think there may be an other method to do our study. Because the qualitative research can make the data more reliable and objective but it is hard for us to get enough data from IKEA to use for qualitative research, we think the further research may try the qualitative research if they can get enough data from IKEA in China.
6.3 Implication

Implication to the theory is we find that Chinese culture included several regional cultures, such as Shanghai regional culture, they may similar in several parts but not exactly the same. They have differences based on their regional history and environment. For example Shanghai regional culture, have the unique concepts like the sense of superiority is much more stronger than other parts of China.

Implication to the practical is we give suggestions to IKEA, to improve IKEA adapt the Chinese market. It is necessary to know the regional culture which the stores located. It is also necessary to explain its brand culture to the consumers through the propaganda and advertisement, although it will takes time. The most important thing is to reach your own brand culture not only in the quality area but also in the price. Otherwise, people will confused with the brand culture, which will leads the misunderstandings.

Implication to the society is our conclusion can be used by other multinational corporations when they want to enter an other new market. They can learn from our case study and pay attention to their brand culture and the local culture. They should reach their brand culture when operations, in order to avoid the misunderstandings. Meet the need of local consumers, makes them know what you can provided to them is also very important. It can be used by different multinational corporations in different industries.
Reference

Literature and Articles


Yang, D. (2012) 缩减人际贫富差距已到关键时刻（Has reached a critical moment to reduce the gap between the rich and the poor). Chengdu: West China City Daily, 005.


Appendices

Appendix 1

Interview questions with Mr. Zhang (Quality Control Manager in Beicai store) and Mr. Zhou (DSAP in Xuhui store)

1. Your own understanding about the meaning of IKEA's brand culture.

2. What makes IKEA's brand culture special?

3. Do you think the IKEA's brand culture is the same in China and Sweden?

4. Your own understanding of the Chinese culture? Shanghai reginal culture? What characteristic do they have?

5. Does IKEA reach its own brand culture in Shanghai market? Does IKEA has good performance in Shanghai?

6. What characteristic do the consumers have in Shanghai?

7. What is the Shanghai consumers' recognition degree with IKEA's brand culture?

8. What is the target group of IKEA in Shanghai market? Their characteristics? Their recognition degree with IKEA's brand culture?

9. What advantages does IKEA have in Shanghai?

10. What disadvantages does IKEA have in Shanghai?

11. How do Shanghai consumers treat with IKEA's advantages and disadvantages?

Appendix 2

Interview questions with Mr. Zhang and Mr. Zhou, Chinese version

1. 你自己所理解的宜家的品牌文化含义。

2. 宜家的品牌文化有什么独特的地方？
3. 你认为宜家的品牌文化在中国和瑞典是一样的吗？

4. 你自己所理解的中国文化，特别是上海的海派文化，有什么特点？

5. 宜家的品牌文化在上海市场的实现程度如何，宜家在上海市场的表现如何？

6. 上海市场的消费者有哪些特点？

7. 整个上海市场的消费者对宜家的认同度如何？

8. 宜家在中国的目标群体和他们的特点以及目标群体对宜家品牌文化的认同度。

9. 宜家在上海市场的优势是什么？

10. 宜家在上海市场的劣势是什么？

11. 上海市场的消费者怎样看待宜家的优劣势。