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Case Study: Reverse Positioning in IKEA.

The global furniture retailer IKEA has long been celebrated in the business press for its innovative marketing and phenomenal growth. There are plenty of good reasons for IKEA's success, not the least of which is its cheap but stylish inventory. But a key factor in the store's high performance is its brilliant reverse positioning.

Like most players in mature categories, furniture companies have steadily augmented their offerings. Today, top stores compete by carrying enormous and varied inventories, assuring not only that customers will find exactly what they want, but that the couch they bring home will be the only one like it in the neighborhood. Sales consultants coddle customers, helping them measure furniture and visualize their options. Most retailers deliver new furniture to customers' homes and even truck away the old. And retailers work hard to instill the idea that furniture is designed to last forever.

Given this, IKEA's success is surprising. When consumers visit a typical IKEA store, they find that there is no in-store sales assistance (though they will find disposable measuring tape so they can make their own measurements); that the variety is limited (IKEA's furniture comes in just a few basic styles); that there is no delivery option (buyers must grapple with heavy boxes on their own); that most of the furniture requires assembly; and that durability is not to be expected (IKEA works to convince buyers that furniture should be replaced often).

If IKEA had stuck with this stripped-down offering, it's doubtful that the company could have competed successfully in its crowded category. But the store skillfully reverse positioned itself by supplementing this bare-bones value proposition with a store environment and services that are virtually unheard-of among typical low-end participants. Its stores have an airy, ultramodern look. Customers can drop off their children at a beautifully designed, company-operated day care center while they shop. They can stop for lunch at a delightful café that serves delicacies like smoked salmon and lingonberry tarts. And they can purchase items besides furniture—brightly colored housewares and cleverly designed toys that are not available at most other furniture stores.

The formula works. While U.S. furniture stores have been steadily losing out to retailers like Sam's Club and Wal-Mart, IKEA has become the seventh-largest furniture store in the country. It has doubled its market share and nearly tripled its U.S. sales over the past eight years, going from $600 million to $1.7 billion. Using reverse positioning to plainly distinguish itself from middle-tier furniture stores, low-end warehouse stores, and big-box retailers, IKEA shook up the category and, in effect, created a new customer segment by attracting an eclectic mix of customers—from students to young urban professionals—who previously had spread their furniture shopping across a range of outlets.