We bring IKEA into people’s lives

Ingka Group is bringing the IKEA Brand to 30 countries, operating 374 IKEA stores and worldwide digital solutions and ecommerce. Our expansion and reach are strengthened by our network of shopping centres and an active investment arm to support our growth, business transformation and sustainability goals.

Ingka Group, is representing the IKEA Brand through multichannel retail in a variety of physical and digital formats, and in FY19, our 166,200 co-workers generated over 90% of total IKEA Retail sales. With 839 million visits to our stores and 2.6 billion visits online, our customers are always at the heart of everything we do. Whether it’s the full experience at one of our IKEA stores, the convenience of shopping online or a spontaneous visit to a city store, our focus is to keep creating a better retail experience in a growing number of channels.

Our home furnishing expertise, low prices and relevant solutions will always be critical success factors, but we’re also working hard to enable customers to experience our offer in new and different ways. We are determined to make healthy and sustainable living an attractive and affordable choice and to contribute to the IKEA ambition to become circular and climate positive. Ingka Group is made up of three businesses, working closely together: IKEA Retail, Ingka Centres and Ingka Investments.

IKEA Retail
IKEA Retail is our core business, and we continue to expand in new and existing countries, reaching more and more customers through IKEA stores, digital solutions, new IKEA formats and touchpoints. In FY19, we opened seven new IKEA stores, three city stores and 19 fulfilment units to support our delivery services. Our mix of touchpoints included 374 IKEA stores in 30 countries, 20 IKEA planning studios, 30 Distribution Centres and 51 Customer Distribution Centres, as well as a fast-growing online presence.

Ingka Centres
We also own and operate one of the world’s biggest shopping centre businesses. Ingka Centres runs 45 vibrant shopping centres in 15 countries across Europe, Russia and China – always anchored by an IKEA store. The main purpose is to support the establishment of IKEA stores and drive visitation by creating innovative meeting places for people to shop, dine and entertain themselves.

Ingka Investments
Through Ingka Investments, we make strategic investments and acquisitions to secure the long-term financial independence of Ingka Group and support our growth and business transformation. Our investments and partnerships allow us to connect with innovative companies that help accelerate our business development and digitalisation and to reach our sustainability goals. From renewable energy to a circular economy, we invest not only in the future of our business but in the future of our planet.

The world is changing fast. So are we.

As the world continues to change, we’re accelerating the biggest transformation in IKEA history.

Adapting to new customer needs, we’re investing in our existing stores, expanding to more cities and improving digital solutions and services. It’s all in order to reach more customers and become more accessible, affordable and sustainable.

Change everything (almost)
To adapt to this new reality, we’ve ignition the biggest transformation in IKEA history – and we’re changing everything (almost). In order to reach more people than ever before, we’re creating new digital solutions and improving our delivery, assembly and installation services. We’re investing in our existing stores, opening new city stores and other touchpoints and continuing to integrate our retail business with our shopping centres. On top of this, we’re investing in innovative start-ups and companies that can help us move even faster. The transformation is also about becoming people and planet positive and making healthy and sustainable living an attractive and affordable choice for as many people as possible.

As we transform, we’ve identified three critical challenges that we’ve determined to turn into our greatest opportunities: affordability, accessibility and sustainability.

More affordable, for more people
All over the world, more people are improving their living situations and getting a chance at creating a better life and a better home. But space is tight, and most wallets are thin. As we grow, we must stay cost-effective so that we can reach an increasing number of customers with the products and services they want at prices they can afford.

Getting closer to our customers
Today, convenience and accessibility is key. More people are moving into cities. Many don’t have, or even want, a car. People shop more online and expect faster and better services. To get closer to our customers, we need to offer a great experience in all channels – in our stores and shopping centres, in cities and online. And it all needs to be integrated with seamless services for delivery, assembly and installation that are both fast and sustainable.

People and planet positive
Climate change, unsustainable consumption and inequality are real threats facing our business and our planet. Our values, size and reach give us an opportunity to lead. We want to grow a sustainable, fair and inclusive business that inspires and enables millions of people to live better everyday lives within the limits of the planet.

All powered by our entrepreneurial spirit
We have a long history not only of entrepreneurship and coming up with creative solutions to difficult problems. But also of pulling together and getting things done, constantly renewing and improving our business. Together, we’re determined to make this transformation happen – fast. We have a growth mindset that’s agile and innovative. Our backbone is our culture and values, the IKEA Brand, passionate and performance-driven people and a deep knowledge of sustainability and life at home. This transformation is just the beginning of a new everyday reality for Ingka Group, as we continue to evolve. We’re excited about that future.
IKEA RETAIL

Creating a new IKEA – 10 jobs in three years

To succeed with the transformation of our business, we’ve identified the 10 most important tasks we need to complete in three years. One year in, we’re seeing strong movements in digital development, store transformations, city expansion, services and sustainability initiatives.

In order to turn our strategic goals of becoming more affordable, accessible and sustainable into concrete actions, we’re focusing on what we call “10 jobs in three years.” We know that in order to meet new and changing customer behaviours, we need to offer great customer experiences, deliver seamless services and reach people where they are. We’re investing heavily in new sales channels, innovative IKEA formats and improved services.

Why 10 jobs? These are the 10 most important tasks that we must accomplish in order to create a new IKEA, in all of our countries and across our company. They’re big, bold initiatives that will have a significant and positive impact on our business, our customer experience and our sustainability efforts.

Why three years? With the pace of change that’s happening around the world, speed is of the essence. Whether it’s where and how people shop for their furniture, how they get it home or the environmental impact of our business, our customers’ expectations are changing fast, and so will we.

All together now

One year into our three-year transformation, we’re 166,200 problem-solvers across Ingka Group, all pulling together to deliver on the 10 jobs.

Driven by our entrepreneurial spirit, we’re simplifying, becoming quicker and leaner. Not afraid to make mistakes, we’re testing and trying new things, moving fast to get quick results. We’re open and collaborative, with ideas and solutions coming not only from all over the organisation via a digital sharing platform that crowdsources our best practices and solutions but also from the many innovative companies we collaborate with and make investments in.

In the rest of this chapter, you’ll see a few examples of some of our many initiatives within the 10 jobs during FY19.

Innovating with start-ups at IKEA Bootcamp

In March 2019, we saw the second edition of IKEA Bootcamp, an initiative for co-creation with innovative start-ups in the retail space. Out of 1,100 applicants from 62 countries, 18 joined the programme.

IKEA Bootcamp is a three-month accelerator programme, run by several companies’ operating under the IKEA Brand, to collaborate with innovative growth-stage start-ups that share our vision and can contribute to our business transformation and reaching our sustainability goals. The programme gives them access to all major parts of IKEA, allowing them to work with key decision-makers and experts to develop pilot projects.

*When we bring together fast start-ups with the world of IKEA, great things happen. Together, we’ve created solutions that went from theory to practice in record time. Some initiatives are now being tested, and everyone is a winner; the customer, the start-up and Ingka Group.*

In the 2019 IKEA Bootcamp concluded with a Demo Day in Älmhult, Sweden, in June 2019, where progress and next steps were presented. Among those participating were:

► Jido Maps. An augmented reality company developing new digital ways for customers to find what they’re looking for in stores. A scalable solution that was tested in five markets during the programme.

► Beam Impact. A values-based loyalty service that enables users to donate part of their purchase price at partnered brands to a cause they both believe in. Read more about our collaboration with Beam Impact in New York on page 34.

Vetlanda is the name of a village in Småland, Sweden, and literally means “knowledge landing.” But VETLANDA is also a platform that allows Ingka Group co-workers to share ideas and learn from our many initiatives. From inspiring good examples to cutting-edge innovations, VETLANDA creates incentives to both share and adopt the best ideas and solutions across our markets. There are so many great ideas out there, but we’re sometimes developing similar solutions at the same time, reinventing the wheel instead of leveraging our global diversity,” says Stiven Kerestegian, Innovation Manager, Ingka Group.

Since its launch in January 2019, VETLANDA has attracted over 20,000 users who share, search and co-create solutions online. More than 500 solutions have been published on the platform, and the numbers are increasing. “VETLANDA has sparked a growing co-creation movement that builds on our tradition of togetherness and collaboration. In times of transformation, any activity that creates new capabilities and solutions is also actively contributing to our positive performance,” Stiven continues.

Vetlanda is also a platform that allows Ingka Group co-workers to share ideas and learn from our many initiatives. From inspiring good examples to cutting-edge innovations, VETLANDA creates incentives to both share and adopt the best ideas and solutions across our markets. “There are so many great ideas out there, but we’re sometimes developing similar solutions at the same time, reinventing the wheel instead of leveraging our global diversity,” says Stiven Kerestegian, Innovation Manager, Ingka Group.

Among the many crowdsourced solutions are an interactive map that helps customers in Poland find their way around the stores and a Russian initiative involving bloggers in the design of room settings in stores.

Co-creating solutions from over 20,000 co-workers

How can we unleash the entrepreneurial spirit of our co-workers, to help transform our business? Sharing ideas and best practice through the new internal co-creation platform VETLANDA is one of the most popular ways.

Stiven Kerestegian, Innovation Manager, Ingka Group.
It’s all about purpose

Driven by the IKEA vision to create a better everyday life for the many people, we’re proud to be purpose-led. From the way we engage with customers and co-workers to our actions for climate and equality, our deeply rooted purpose is the basis of everything we do. Because a better home creates a better life.

Over 40 years ago, IKEA founder Ingvar Kamprad declared in his memo, Testament of a Furniture Dealer, that “The first rule is to maintain an extremely low level of prices. But they must be prices with a meaning,” that “waste of resources is one of the greatest disasters of mankind,” and that “without low costs, we can never accomplish our purpose.”

As the world is changing and we transform our business to meet today’s many challenges, this purpose is more important than ever. It’s about making a positive difference in people’s lives, meeting even more people with affordable, well designed and more sustainable home furnishings for a better life at home. But it’s also about taking a more active stand on matters that are important to us and our customers, like more sustainable living, human rights and equality. The home is where we live and also the planet we share.

Today and even more so tomorrow, customers want to engage with brands that stand for something they care about, with a clear, positive purpose that helps them make better choices—and they expect companies to take the lead rather than wait for legislation. Co-workers want to be part of something meaningful, part of contributing to positive change in the world. So to remain unique and relevant in people’s lives, to reach more customers and attract more people to work with us, our purpose is everything.

“The first rule is to maintain an extremely low level of prices. But they must be prices with a meaning.”

Ingvar Kamprad, IKEA founder, from Testament of a Furniture Dealer, 1976

Standing up for our LGBT+ friends

In Italy, there’s a homophobic expression that labels LGBT+ people as out of place, just for being themselves in public: “Do it at your home.” For the International Day Against Homophobia, Transphobia and Biphobia, IKEA Retail Italy launched a campaign to celebrate everyone’s right to feel at home everywhere by giving this statement a new, positive meaning: “Do it at your home. Because home is wherever you are.”

We shared our commitment with media, institutions and associations. To celebrate Pride Month and to help raise funds and awareness for LGBT+ rights, IKEA Retail Italy also released the limited-edition rainbow-coloured KVINTING carrier bag.

Let’s celebrate the everyday climate heroes!

In April 2019, we launched the campaign A Better Worlds Start at Home to create awareness about how people can make more climate-friendly choices in their daily lives. In the campaign, we celebrate people doing good through their everyday actions, supported by IKEA products, such as water saving, energy saving, reducing waste and food waste and generating renewable energy. When combined, these actions can reduce a person’s carbon footprint by around 50%. The campaign is based on interviews with 14,000 people in 14 countries about how they think about climate change, what encourages or stops them from taking climate action and how we can motivate and enable them to do more.

KORVRMOJ, vegetable hot dog

Hello, nice to eat you

The yummy, healthy veggie hot dog has only 15% of the carbon footprint of a hot dog made with meat. It’s served now at all our stores in Europe and in the USA and is coming to the rest of the world in 2020.

Raising the bar for low prices

In Portugal, where 60% of the population lives on EUR 13,500 per household per year, most people can’t afford to easily improve their homes. This means that if we are to live up to our vision, we need to become even more affordable. To stretch the price ladder and prioritise lowering prices in our most popular furniture categories, we’re investing EUR 6 million over the coming year to lower the price of 185 products, 130 of which are already available in stores and on IKEA.pt. As we celebrate 35 years of IKEA in Portugal, we’re working to enable more of the many Portogese to improve their lives at home – by making functional, sustainable, good quality and beautifully designed solutions even more affordable.

The result? 70% of IKEA store visitors in Portugal, said they were able to find more affordable solutions than before the lower price initiative was introduced.

Sharing our insights on life at home

Just like people, homes come in all shapes and sizes. To understand the different ways that life at home takes place, we do research and make home visits all over the world and use our insights to create better solutions. And we love to share stories, so we release our research into the world to empower others to make life at home better.

With 30,000+ interviews in 35 countries, our Life at Home Report 2019 was the largest review into homes so far, and demonstrates our expertise in life at home and commitment to help make it better.

Read more on:

lifeathome.ikea.com
Your own personal interior designer

To share our home furnishing knowledge in an engaging way, we’re developing new services that make it fun and easy to create your dream home. In Norway, customers can now book 90-minute sessions with an IKEA interior designer to help with everything from a simple refresh to a complete home makeover.

Based on 75+ years of home furnishing knowledge, we launched a new home furnishing service in Norway. Nine interior designers in IKEA stores across Norway now offer a wide selection of services ranging from advice on colours and materials to lighting plans and complete furnishing solutions. The 90-minute sessions are booked online and can take place in the store or online (which can be a great way to give the interior designers a “virtual home visit”). This is a service that’s relevant to anyone who wants to make their home more functional and beautiful but perhaps doesn’t have the time, knowledge or even interest, to do it without some inspiration and tips from a pro. “Norwegians love their homes. They dream of larger spaces, personalisation and living more sustainably, but often associate sleeping with being lazy!” says Caroline Fredriksson, Interior Designer, IKEA Furuset, Oslo.

Different needs, different solutions

Customers have different needs, so being flexible is a key to success, just like the need to continuously develop the service. For example, we’re developing pilot projects to test home visits and new digital tools that can make the interior design experience even better and more efficient for both co-workers and customers.

Ninety-two percent of our customers were very happy with the service and would recommend it to friends.

“The best part of the job is that we get to help so many different people find great home furnishing solutions. One day it’s a student on a tiny budget who needs help maximising space in a 20 m² flat; the next day it’s a 100-year-old who wants us to give her 250 m² home a complete makeover,” Caroline continues.

With a growing interest in home furnishing and increasing demand for convenience, IKEA Norway saw an untapped potential to add value around home furnishing services. Today, the interior design service and has been up and running for just over one year and been very well received. So far, home furnishing planning services have been implemented in 12 Ingka Group countries, and the ambition is to be able to offer it in all markets where we have IKEA stores.

For the love of a good night’s sleep

Listening to customers and sharing home furnishing knowledge is at the heart of what we do. With inspiring events like the Better Sleep Expert Forum and the IKEA Nap Bar, we’re inviting people to engage with us on how to create a better life at home – which of course always starts with a good night’s sleep.

We have a long history of research to genuinely understand people’s life at home – their needs, challenges and dreams. Take sleep, for example, and the importance of the entire sleep environment from beds and mattresses to pillows and curtains. Through the countless bedroom products that we have sold, we’ve gained many valuable insights into how people sleep – insights that help us create a better sleep experience for our customers. Being a global business, we also knew that the way people sleep differs between countries. In the Asia-Pacific region, for example, most customers want a really hard mattress – while many in the USA prefer to sleep in much softer beds.

Through a series of local events dedicated to the topic of better sleep, we bring customers, co-workers and experts together to share, inspire and co-create, including external pop-up events, in-store event activities, guided tours, workshops, seminars and more.

Discussions were based on a survey of 5,000 participants in Germany about their sleeping habits and attitudes. Among the results: a majority consider sleep a waste of time and often associate sleeping with being lazy!

The science of better sleep

In March 2019, IKEA Retail Germany hosted the first Better Sleep Expert Forum in Berlin, with more than 40 experts, researchers, journalists, bloggers and influencers coming together for a full day of talks and workshops on sleep and how to improve it. The pop-up event also featured a Sleeping Comfort guide to analyse sleeping behaviours, expert booths to find products for better sleep and a pajama competition branded the #Pyjamachallenge. The event spurred big engagement from influencers on social media and blogs, including the popular #IKEAschlafgut hashtag on Instagram.

“The response was overwhelming and really contributed to our objective of creating a societal debate about a topic that’s so important for all of us: a better sleep,” says Sandra Schwarzege, Interior Design Manager, IKEA Retail Germany.

Giving people a break with IKEA Nap Bars

In August 2019, we created an event called the IKEA Nap Bar in Bratislava, Budapest and Prague. Six comfy nap rooms were set up in downtown locations, giving office workers a chance to try a refreshing 20-minute nap in the middle of their workday – and learn a bit about the importance of sleep at the same time. We also offered expert talks, yoga classes and consultations with IKEA designers and sleep experts on how beds, mattresses, textiles and accessories can help improve the quality of sleep.

The Better Sleep Expert Forum included a panel talk with Dr. Guy M极致ons and other leading experts on sleep.
03
Create a simple and unique
digital customer meeting.

We are tapping into
the potential of bringing
the uniqueness of IKEA
to life digitally, together
with personalisation and
convenience. Our mission
is to offer an excellent user
experience across all digital
channels to make it simple
customers to search, find,
choose and buy in
just a few clicks. In FY19,
we took an important step
by launching the new IKEA
app.

Driving change
with digital and data

Digital is at the very core of our transformation. Driven by data and analytics, we’re
to become a more accessible company. With new digital capabilities, we can
improve people’s lives at home and connect with more people, wherever they are
and whenever they want.

We have great potential to bring
out the uniqueness of IKEA and our
home furnishing knowledge in digital
groups – with innovation, problem-solving and
and experiences for our customers and co-workers that
complement physical meetings. Today, 80% of our
store visitors start their journey online, making
it essential for our customer meeting points to
support and reinforce each other. To make this
happen, we’re developing new solutions to make it
easier for our customers to, in a more personalised
way, explore, choose and buy in just a few clicks,
in all countries and on any device.

“Digital brings amazing
opportunities for us. With the
range of the core, fuelled
digital, we can adapt to consumer
needs faster than ever before.
We can truly be a companion for
people and a beacon of hope by being a
good example of people and
planet positive.”

Barbara Martin Coppola,
Chief Digital Officer, Ingka Group.

The new IKEA app
Launched in FY19, our new app is an important
tool to better serve our customers. “The new
IKEA app is an inspirational tool that shows
how we operate internally and to personalise and
create a more relevant offer for our customers.
“Digital brings amazing
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recommendations and a better login experience.
More functionality will be added, like making it
possible to scan articles from the shelves in stores
and pay for them right away in the app. The rollout
of the new app is underway and it’s already live in
France, Ireland, the Netherlands, Spain and the UK.

All about data
Behind the scenes, it’s all about data. In FY19,
we’ve put a lot of resources into creating a modern
infrastructure that can support our efforts to take
the digital IKEA experience to the next level in
the years to come. We’re becoming a data-driven
organisation, enabling better decision making
and predictions. And we’re using data to optimise
how we operate internally and to personalise and
create a more relevant offer for our customers
– like recommending products and tailoring the
inspirational feed in the new IKEA app. This lets us
enhance and personalise the online experience
for our customers and better share our home
furnishing knowledge in digital channels.

“We are tapping into
the potential of bringing
the uniqueness of IKEA
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46% increase in online sales

In FY19, online sales represented
more than 10% of our total IKEA Retail
sales. We also started ecommerce in
China and India, making our online
store available to many more people.

“Using data is about creating simple and useful
digital experiences for our customers. By better
identifying their needs and preferences from their
online activity, we are able to offer a completely
different level of service and much more relevant
product recommendations,” says Emil Jørgensen,
Data Science Lead, Ingka Group.

Data is also key to improving
the in-store experience. “If we look at our smaller city stores,
with limited space compared to a regular-sized
IKEA store, the use of analytics can help us
determine which products we should offer in
a particular city store. It’s about knowing what
customers like to buy where and when – whether
it’s online, in the big IKEA store or in the small
city store – so that we can optimise the customer
experience in every channel,” continues Emil.

Enabling the omnichannel IKEA
We’re building an omnichannel IKEA, with more
customer meeting points than ever before.
Through our new digital capabilities, we can
connect them all: the many IKEA formats, the
web – on both desktop – and mobile, and the app.
By gathering and combining data from different
sources and situations, we can analyse, predict
and create a better customer experience wherever
and whenever our customers choose to interact with us.

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sources and situations, we can analyse, predict
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and whenever our customers choose to interact with us.

“A smarter wardrobe
system with AI

Artificial Intelligence (AI) can be
used for many clever things. In
China, it’s helping customers
plan and customise their PAX
wardrobe systems.

PAX is our top-selling wardrobe
system in China, generating about
4% of all sales. It’s a flexible system
that can be customised with many
combinations of doors, frames and
interior fittings. “Selling system
furniture like PAX can be complex.
It requires deep knowledge of the full
PAX range and capabilities to create
the best combination for a specific
customer,” says Jerry Wu, Senior
Product Owner, Ingka Group.

“That’s why we developed this
interactive 3-D tool to create an easy
and inspiring way for customers to
explore the endless possibilities of
PAX,” Jerry continues. Customers
can enter relevant information about
how they use the tool, which
then uses AI to generate a virtually
infinite amount of PAX solutions for
the customer to fine-tune. “When we
concluded the test in our pilot store,
customer feedback was positive both
on the experience of using the
tool and on the overall shopping
experience. The sales of PAX in
our pilot store also saw positive
development,” concludes Jerry.

The PAX planner tool is now used
in five of our 29 IKEA stores in
China. The plan is to scale it globally
once the technology is mature.
The future of home furnishing, and almost every other business, is about your choice and your way. Our focus is to offer our services in all touchpoints making IKEA accessible to the many. We will expand our fulfillment network and create new partnerships with service providers. We’ll bring products and services to more people when they want them, where they want them – in a sustainable and affordable way. Through this we’ll make shopping at IKEA easy, as well as increase interest in home furnishing, enable a sustainable life and strengthen the emotional connection to the many people.

Sustainable Mobility

As the number of home delivery services grow, we’re increasingly conscious of our impact on air pollution. We need to constantly reduce emissions to improve the air quality, as well as reduce the traffic noise to create a better everyday life for the many people,” says Ken Zhong, Service Fulfilment Operations Manager, IKEA Retail China.

An important success factor to reaching our goal early has been the strong collaboration with our local service providers – with leased vehicles and thousands of charging and maintenance stations all over Shanghai. This model of partnering will be implemented as we move forward with emission free deliveries in many more cities across China. “As the number of home delivery services grow, we’re increasingly conscious of our impact on air quality and people’s health. We need to make sure we’re growing in a responsible way, setting a good example and securing we have the right business model to keep delivering goods to our customers’ homes for years to come,” says Angela Hultberg, Sustainable Mobility Leader, Ingka Group. With our success in Shanghai showing that transformation of last-mile deliveries can in fact be done, we now look to the future. It’s clear to us that this change is not something happening soon, but happening now, and we’re determined to take action.

Amsterdam, Los Angeles, New York and Paris are next in line for 100% electric or emission-free deliveries by the end of 2020, with more cities preparing to follow suit. Our goal is to have all 30 Ingka Group countries worldwide offering 100% electric or emission-free deliveries by the end of 2020, with more cities available to more of our countries. We’re currently piloting the concept in the UK, followed by Spain in 2020, with the ambition to roll out the concept to more Ingka countries in the near future.

A new kitchen made easy

As we’re adapting to better meet the needs of our customers, offering accessible and affordable services is key. Our investment in the kitchen installation company Traemand gives more of our customers a seamless experience all the way from planning to installation and customer support.

Traemand has been a fully dedicated partner for IKEA’s kitchen service business in the US for 13 years, and more recently also in Canada. “We’ve had a successful partnership with IKEA Retail US, where we have supported thousands of customers in the journey of buying their dream kitchen. This investment makes it possible for us to take the next steps in developing our tools and services to better benefit the many IKEA kitchen customers,” says Bjarne Rasmussen, founder of Traemand. The investment will allow us to collaborate even closer with Traemand and make their kitchen service concept available to more of our countries. We’re currently piloting the partnership in the UK, followed by Spain in 2020, with the ambition to roll out the concept to more Ingka countries in the near future.

Traemand’s systems and tools will offer IKEA customers a seamless journey from measuring and planning (online and in-store) to installation. It will be an end-to-end IKEA branded experience where our customers will be met by co-workers who share the IKEA values – across all touchpoints.

“The kitchen buying experience can be tricky at best and I’m really excited about the opportunity to work even closer with Traemand to further enhance our service offer. Working with Traemand to insure kitchen services will allow us to develop a more efficient kitchen buying process and to reduce any after sales issues, identifying improvements that can lead to lower costs, less transportsations, and thereby less impact on the environment,” says Rob Kelly, Selling Manager, Ingka Group.

Angela Hultberg, Sustainable Mobility Leader, Ingka Group

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“The kitchen buying experience can be tricky at best and I’m really excited about the opportunity to work even closer with Traemand to further enhance our service offer. Working with Traemand to insure kitchen services will allow us to develop a more efficient kitchen buying process and to reduce any after sales issues, identifying improvements that can lead to lower costs, less transportsations, and thereby less impact on the environment,” says Rob Kelly, Selling Manager, Ingka Group.

Angela Hultberg, Sustainable Mobility Leader, Ingka Group

A new kitchen made easy

As we’re adapting to better meet the needs of our customers, offering accessible and affordable services is key. Our investment in the kitchen installation company Traemand gives more of our customers a seamless experience all the way from planning to installation and customer support.

Traemand has been a fully dedicated partner for IKEA’s kitchen service business in the US for 13 years, and more recently also in Canada. “We’ve had a successful partnership with IKEA Retail US, where we have supported thousands of customers in the journey of buying their dream kitchen. This investment makes it possible for us to take the next steps in developing our tools and services to better benefit the many IKEA kitchen customers,” says Bjarne Rasmussen, founder of Traemand. The investment will allow us to collaborate even closer with Traemand and make their kitchen service concept available to more of our countries. We’re currently piloting the partnership in the UK, followed by Spain in 2020, with the ambition to roll out the concept to more Ingka countries in the near future.

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Angela Hultberg, Sustainable Mobility Leader, Ingka Group
Big moves in big cities

To reach new customers and bring IKEA closer to where people live, work and socialise, we’re expanding fast in several big cities. Complementing our blue box IKEA stores, we’re adding a variety of new IKEA formats – always hand in hand with an improved digital experience.

B ringing the IKEA home: furnishing offer to more people isn’t just about adding new locations and entering new countries. As demographics and consumer behaviours change, we’re also looking at how we can deepen our impact in the big urban areas where we already have a strong presence. Even in our biggest countries, we have a great potential to grow with a variety of formats, locations and digital customer meeting points that complement each other and meet different needs at different times.

An IKEA for every occasion

Saturday with your family at the IKEA store, an impulsive buy on your lunch break in the city, a midnight purchase on your phone. Sometimes you want the full IKEA store experience; sometimes you want to see a kitchen planner over coffee on your way to work; and sometimes you just want a new door mat right away. We want to make sure we are there when you need us.

A new mix of IKEA formats

To make the full IKEA experience better than ever, we’re investing heavily in our blue box stores. We’re also adding a mix of existing and new formats in 40+ cities, including stores and IKEA planning studios for more complex purchases like kitchens and bedrooms – always closely integrated with an improved digital experience.

A blue box delivery network

In the multichannel era, logistics is key. Our network of blue box stores gives us a big competitive advantage when it comes to cutting lead times and offering faster and more sustainable home deliveries – even for bigger furniture and items bought online or in a city location.

The journey has just begun

Starting with new IKEA formats in London, Madrid, Moscow, New York and Paris, to name a few, we’re expanding fast in 40+ cities over the next few years. In FY19, we opened 42 new stores and fulfilment units, and we plan to open 50 more in FY20.

As we keep growing, we’ll be wherever people are – whenever and however they want to meet IKEA. It’s never been a more exciting time in terms of expansion and customer focus. We’re thrilled to explore better ways to serve our existing customers and keep reaching new customers. With this city expansion and our variety of digital and physical formats and customer meeting points, we keep working towards our vision to create a better everyday life for the many people – many, many more of the many people.

To move fast and learn, we’re testing different urban solutions, getting quick results and adjusting. All in order to quickly become more accessible and convenient to more people.
In the beating heart of Paris

In May 2019, we opened our first IKEA store in the heart of Paris. At IKEA La Madeleine, our focus is to create a uniquely urban customer experience, tailored to city life in general, and to the needs and dreams of Parisiens in particular.

The average Parisian home is small, and IKEA La Madeleine focuses on small space solutions – with 1,500 IKEA products, including accessories and smaller furniture available to take home right away. The rest of our product range can easily be experienced and ordered through in-store digital tools and the new IKEA app, which just launched in France.

“Covering an area of 5,400 m2, the store presents smart, small space solutions that support Parisians in all parts of their homes. All our energy and passion are dedicated to sharing our home furnishing knowledge and delivering solutions that meet our new city customers’ expectations,” says Annie Bétreau, store Manager, IKEA La Madeleine.

Exploring the range, Paris style

To create a uniquely Parisian home furnishing experience, we’re testing a new way of exploring the product range based on the way Parisians live, with themes like food, socialising and recharging.

Just like at home, there is no separation between furniture and accessories, which means that the sleep area includes both large furniture items (beds, mattresses) and relevant complements (bedding, duvets and pillows).

La Scène – the event space

It wouldn’t be Paris if we didn’t have a stage. With “La Scène,” we’re interacting with Parisians in new, entertaining ways, such as exhibitions, workshops and concerts – as well as relaxation therapy and other activities focused on well-being. Here, we’re also elevating sustainability issues related to home furnishing and life at home, like how to prolong the life of products, upcycling and reducing waste in your daily life.

Deliveries are made with bicycles and electric vehicles. We’re also testing electric barges on the river Seine for incoming goods.

Swedish on the go

Paris is the city of food, and we’re excited to bring a little bit of Sweden to the table. Focusing on healthy and sustainable food at a low price, we’re testing new urban food concepts, like “Swedish on the go,” where people passing by can grab coffee, quick bites and takeaway of iconic IKEA food. The menu changes with the seasons and customer demand, with popular favourites including our own vegan ice cream and the new veggie dog. With 1,100 food visitors a day so far, the new food concepts are giving our city customers even more reasons to stop by.

Service in the city

Being in the heart of the city gives new customers a chance to meet our co-workers and try our services. In addition to kitchen planning, we’re offering new planning services also for storage solutions and general home furnishing advice – all opening an hour before the store, just like the café. Co-workers equipped with tablets move around the store, ready to help customers and provide home furnishing knowledge.

Bonjour, zero-emission transports

Minimising our footprint and contribution to city congestion, noise and emissions is part of being a good neighbour. Deliveries of small packages are made with bicycles, while bigger furniture are 100% delivered by electric vehicles, supporting the Ingka Group goal to reach zero-emission deliveries by 2020. We are also testing electric barges on the river Seine. Orders are prepared at a distribution centre north of Paris, then transported along the Seine to the Parisian ports of Javel, Champs-Élysées, Grands Augustins and Henri IV. From there, customers can pick up their goods or have them home delivered by bicycle.

Off to an exciting start

A few months after opening, we’re happy to see that 50 percent of the IKEA La Madeleine store’s more than 11,000 daily visitors are new to IKEA – people who would not have been able to visit us so easily before. The city store is driving consumer interest in IKEA, not just in the city but online and for the blue box IKEA stores as well.

By increasing our presence in cities, we’re able to bring a more accessible IKEA home furnishing offer to many more people. This makes us very excited about the future, not just for Paris, but for our city expansion as a whole. Merci!
Located in Aviapark, the largest mall in Europe, the new IKEA Khodynskoe Pole store has a catchment area of 5 million people and is easily accessible by public transportation, right by a metro station. With its smaller size and central location, the store has been designed for fast and accessible shopping, with a new approach to display, navigation, digital tools and self-serve check-outs. “With this new city store, we’re introducing a new way of shopping at IKEA. It’s designed for busy Muscovites with little time who want to complete their shopping fast,” says Pontus Erntell, Country Retail Manager, IKEA Retail Russia.

The new store has an IKEA planning studio for kitchens and wardrobes, as well as an easy access IKEA pick-up point. The full IKEA range is on display for customers to touch and try, with a selection available to buy and take home right away. The rest of the range can be ordered, and we now offer next-day delivery of items bought both in-stores and online to all areas of Moscow.

Adding to the Moscow mix “Moscow is a good example of our total market approach, capturing different segments and situations with a variety of IKEA formats and ecommerce that all support each other,” Pontus continues. “In Moscow, we now offer three IKEA stores connected to our MEGA shopping centres, one new store in the Aviapark shopping mall in central Moscow and two IKEA planning studios – as well as the online store – with next-day home delivery regardless of touchpoint.”

More city stores coming With more than 11,000 visitors per day, the IKEA Khodynskoe Pole store is our first important step into the city of Moscow. In the near future, IKEA Retail Russia is looking to open five to seven more small format stores across the country, meeting the many people of Russia wherever and whenever they want to shop with us.

In June 2019, we opened our first Russian city store in Moscow. Adding to the mix of IKEA stores, IKEA planning studios, ecommerce and next-day delivery, the new IKEA format makes a big move towards more accessibility for the busy people of Moscow.

Welcome to the city ▶ In the time taken to read this, the urban population has increased by 10 people.

Welcome to the city

IKEA Blue City Warsaw, Poland ▶ IKEA shop, opened 24 October 2018.


IKEA Khodynskoe Pole, Aviapark mall Moscow, Russia ▶ Smaller format IKEA store, opened 27 June 2019.

Moscow: the fast and the convenient

In June 2019, we opened our first Russian city store in Moscow. Adding to the mix of IKEA stores, IKEA planning studios, ecommerce and next-day delivery, the new IKEA format makes a big move towards more accessibility for the busy people of Moscow.

In the time taken to read this, the urban population has increased by 10 people.
The IKEA stores are magical worlds of home furnishing and offer the total IKEA experience, and they’ll continue to be a strong part of our new reality as we transform them into experience centres for life at home. We’ll bring home furnishing inspiration and knowledge to a whole new level and become the best destination for beautiful, smart and sustainable homes. We’ll also make them key components in our fulfilment network as they also can fulfil online orders, which enables them to be an engaging place to explore home furnishing in new and different ways. For example, with augmented reality you can see, experience or co-create the latest trends,” says Ines Silva, Project Leader, IKEA store of tomorrow, Ingka Group.

Turning our blue box stores into a home delivery network

In the new multichannel world of retail, turning our network of IKEA stores into fulfilment units is a big competitive advantage when it comes to faster, more affordable and sustainable home deliveries. A pilot project in Madrid leads the way.

In a time when customers want fast and affordable home deliveries – also of bigger furniture items – having a network of 374 stores with big logistics capabilities close to where our customers live is a huge advantage. By decreasing the self-serve furniture areas and increasing the fulfilment areas, we can offer better services like home delivery and off-hour pickups, whether you bought your items in your local store, in the city or online. “By using our existing stores as local fulfilment units, we’ll be able to meet our customer’s demand for faster and more sustainable home deliveries at affordable prices. And we’re able to secure a vast logistics network of local delivery hubs that can handle the substantial online growth we’re planning for,” says Laia Blanch, Project Manager, IKEA Retail, Ingka Group.

As fulfilment hubs, the IKEA stores will handle not only home deliveries for items bought at the store but also orders placed online, at IKEA city stores and IKEA planning studios or at Customer Support Centres. Deliveries will be faster and transports shorter, enabling more sustainable transportation like electric vehicles and bicycles, and resulting in lower CO₂ emissions.

Making it happen in Madrid

One IKEA store leading the way in logistics transformation is IKEA Alcorcón in Madrid, Spain.

Thanks to three simple but major changes, the store is now a fulfilment unit for the entire Madrid area. First, the store adjusted the self-service furniture area to customers’ needs in terms of what goes to the check out area and what goes to home delivery.

“We can already see that the result is a more efficient process,” says Laia. Second, a 16-metre locker solution was installed outside of the store, allowing customers to pick up their online orders 24 hours a day – a big step towards more accessible shopping experience.

Third, an unused parking space underneath the store is being transformed into an outbound delivery area. The idea is to use it to store orders that can now go straight to customers – instead of being transported via a delivery company first. We have 137 stores built on pillars with parking underneath, just like IKEA Alcorcón and see great potential for a speedy rollout at a limited cost.

“The idea is that our co-workers can see what goes to the store and what goes to home delivery and off-hour pickup, so we can make it happen in the fastest way,” Laia continues. “We want to do it so fast that people think it’s just been delivered to their house.”

Making it happen in Madrid

One IKEA store leading the way in logistics transformation is IKEA Alcorcón in Madrid, Spain.
A clean energy movement

We've helped our customers transform their rooftops into clean energy power stations. Now, we want to build the biggest clean energy community in the world – enabling more people to save money and cut their emissions.

Since 2015, our IKEA Home Solar and energy storage offer has helped thousands of customers generate and use their own clean electricity. It’s good for the environment and for the pocketbook – our IKEA Home Solar customers saved, on average, EUR 400 per year on their energy bills. “We want to help create a clean energy movement beyond our own operations,” says Alejandro Castro Pérez, IKEA Home Solar & Energy Service Business Leader, Ingka Group. “By getting our customers and our partners to come on the journey with us, we’ll create a ripple effect and increase our positive impact.”

A home solar revolution

Our home solar business grew by 29% last year, and together our solar customers generated 60% more clean energy than the year before. So far, we’ve rolled out the offer in seven countries, and we aim to reach all 30 Ingka Group countries with IKEA Home Solar and other clean energy solutions by 2025.

Clean energy, more accessible

With IKEA Energy Services, we aim to make it even easier for more people to reduce their energy costs and climate footprints. For those who live in apartments or who can’t afford the upfront investment in their own solar panel system, we’re exploring new solutions such as a clean energy subscription offer. This offer will help customers access renewable electricity and guide them to other relevant services like efficient heating and cooling solutions, LED bulbs or kitchen appliances.

We want to accelerate the transition away from fossil fuels by making the clean energy market more accessible and affordable for all. The aim is to build the biggest and most inclusive clean energy community, together with our co-workers, customers and partners around the world.

Rent-a-BILLY, lease a couch

With furniture leasing, we’re testing new and more circular ways for our customers to use, care for and pass on their IKEA furniture.

Life at home has different needs for different stages. Your child may need a baby crib for a little while, then a child’s bed and then a teenage bunk. Or maybe you’re living in a temporary home or setting up a home office in the basement. Our research shows that customers don’t like to throw things away, but they sometimes only need our furniture for a set period of time. What if our customers could use their IKEA furniture for as long as they need to, without having to own it? That’s the concept behind “furniture as a service,” a new circular business model we’re testing.

Our goal is to see if we can meet customer needs for flexibility and accessibility, while building in sustainability by extending the life of materials and resources. We’ve also had good feedback from customers who appreciate the flexibility, affordability and sustainability benefits of this approach.

For this business model to achieve its full potential, we need to work together across the IKEA value chain to fine-tune every aspect of the offer. For example, as part of the ambition to transform IKEA into a circular business, Inter IKEA Group is integrating “leasability” into its product development approach. This means that we’ll be able to offer more IKEA home furnishing products designed for the rental market, including tougher finishes and even more durable materials.

Read more about how we’re promoting circular consumption on page 66.
Earning points that make a difference

In times of fast change, we’re more focused than ever on building meaningful customer relationships. IKEA Family is testing a new loyalty programme that lets customers donate part of their purchase to a good cause of their choice.

“We’re proud to amplify customer awareness of the IKEA commitment to people and the planet and to help drive deeper connections with customers, especially young ones. Initial results indicate that twice as many pilot participants said they were likely to recommend IKEA to friends compared to the market baseline.”

Viveka Holmström, Beam Impact CEO and Co-founder

The partnership with Beam is a result of the IKEA Bootcamp programme, where we team up with growth-stage start-ups to co-create innovative retail solutions (read more on page 15). Going forward, we’ll scale the learnings from the New York pilot as we continue to develop personalised rewards programmes with more tests in several countries.

Simple actions for big savings

To keep our prices low, we’re always looking to simplify and reduce unnecessary costs. Energy savings is one area where a few simple steps can lead to big cost savings, while also helping to reach our sustainability goals.

Being resourceful and cost-conscious is part of who we are and is necessary in order to transform our business and become even more affordable. In FY19, we rolled out several initiatives to simplify our ways of working and cut costs. For example, we improved our reporting processes and continued to automate, standardise and digitalise new tools across our business.

Good savings that do good

We also saw how a few simple actions can have a big impact when it comes to cost savings on energy. In a typical IKEA store, lighting makes up 30-40% of the total energy consumption and restaurant equipment up to 25%. One example of how energy efficiency measures can cut costs is IKEA Katowice in Poland. By, for example, introducing an energy monitoring system, switching to 100% LED lighting, installing motion detectors for lighting and turning off equipment that’s not in use, co-workers managed to decrease the store’s energy use with 17%, leading to cost savings of EUR 50,000 per year.

“The simplest way to cut costs and save energy is to switch to LED lights. It’s easy to implement, and the return on investment is very fast,” says Mariusz Podgorski, Energy and Climate Manager, IKEA Retail Poland. “Turning off equipment when it’s not in use is another easy fix that makes a big difference. This can be lights, air conditioning, computers, kitchen equipment – the list goes on,” Mariusz continues.

“The simplest way to cut costs and save energy is to switch to LED lights. It’s easy to implement, and has fast return on investment.”

The power of co-worker engagement

A firm believer in the power of co-workers when it comes to simplifying, Mariusz attributes the Polish cost-cutting success to strong co-worker engagement. “We’re all responsible for our energy consumption, to a larger or smaller extent. Knowing where energy can be saved can make a huge savings in our budget while reducing our carbon emissions at the same time,” he concludes.

A low-price company must also be a low-cost company, and cost-consciousness is part of who we are. We’ll work with a holistic cost performance approach to reduce unnecessary costs and build the prerequisites to make investments that create profitable growth as well as reducing costs. Cost performance will focus on small and big initiatives. We’ll build scale and efficiency in customer fulfilment flows, simplify and automate on a global scale, accelerate digital delivery and ensure our strong retail foundations. We also look at efficiencies in marketing, in-house deliveries and procurement. To enable investments in creating a new IKEA, we’ll use our resources in a responsible way with a long-term perspective.
Our culture and values in times of change

As we transform Ingka Group to be a more digital, connected and innovative retailer, we all need to change how we work and adopt new ways of doing things. 

Our customers want to meet engaged, competent and service-minded co-workers at every IKEA customer meeting point. To make sure that we have the prerequisites to meet our customers, we develop ourselves and lead our business into the future by learning and building new capabilities together. 

We grow from within, by learning and building the next generation of people and go all in on equality – ensuring that Ingka Group is a good example of equality, diversity and inclusion.

The IKEA values

Our shared values and strong culture make IKEA unique, both as a place to work and as a brand. 

Our values are:

- **Togetherness** – Togetherness is at the heart of the IKEA culture. We are strongest when we trust each other, pull in the same direction and have fun together.
- **Caring for people and planet** – We want to be a force for positive change. We have the possibility to make a significant and lasting impact – today and for the generations to come.
- **Cost-consciousness** – As many people as possible should be able to afford a beautiful and functional home. We constantly challenge ourselves and others to make more from less without compromising on quality.
- **Simplicity** – A simple, straightforward and down-to-earth way of being is part of our Smålandic heritage. It is about being ourselves and staying close to reality. We are informal, pragmatic and see bureaucracy as our biggest enemy.
- **Renew and improve** – We are constantly looking for new and better ways forward. Whatever we are doing today, we can do better tomorrow. Finding solutions to almost impossible challenges is part of our nature and a source of inspiration to move on to the next challenge.
- **Different with a meaning** – We are not like other companies and we don’t want to be. We like to question existing solutions, think in unconventional ways, experiment and dare to make mistakes – always for a good reason.
- **Give and take responsibility** – We believe in empowering people. Giving and taking responsibility are ways to grow and develop as individuals. Trusting each other, being positive and forward-thinking inspires everyone to contribute to development.
- **Lead by example** – We see leadership as an action, not a position. We look for people’s values before competence and experience. People who ‘walk the talk’ and lead by example. It is about being our best self and bringing out the best in each other.

Supporting refugees with jobs training

As we scale up our “skills for employment” programmes, we offer training and work experience to people with refugee backgrounds to improve their chances of finding jobs, at Ingka Group and elsewhere.

Our skills for employment initiatives help refugees gain work experience, practice local language, develop new skills and improve their opportunities of finding a job – also to connect with locals, make new friends and increase their understanding of the local culture. After completing the training, participants are invited to apply for a job at Ingka Group. Every single store that’s carried out the initiative has found it to be mutually enriching, giving both participants and co-workers new perspectives and opening up to alternative ways of thinking. Refugees who have joined us as co-workers are highly committed and show a high tendency to stay with the company.

Having a job when you’re new in the UK, or as a refugee, is very important. Without this programme, I don’t think I would have got a job. It gave me more confidence,” says Samer Al Hafler, a former refugee from Syria who joined IKEA Retail UK after completing a programme with our partner Breaking Barriers. First hired as a cashier, Samer quickly advanced to Shift Coordinator at the IKEA Wembley store.

By including refugees in our business, we benefit from their talents, skills, diversity and different points of view.

In countries where refugees and asylum seekers aren’t allowed to work, we seek to influence opinion by sharing the positive experiences we’ve had from our initiatives. We’re also partnering with organisations like the UNHCR and the Tent Partnership for Refugees to share examples of the positive contribution refugees make to businesses and host communities when they have the right support.

Since FY18, we have run refugee inclusion programmes in 13 countries. By FY22, we will scale up these initiatives in 300 IKEA stores, offices, Distribution Centres and Ingka Centres meeting places across all Ingka Group countries.

As leaders we must walk the talk and show how to lead with our values every day. The programme was a game-changer for me – how we need to relax, innovate and show with our actions how we’re transforming. Being able to share, learn and gain new tools and insights has made me a more self-aware and confident leader,” says Helene von Reiss, Country Retail Manager, IKEA Retail Japan.

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**INGKA INVESTMENTS**

**Accelerating growth through investments**

Through Ingka Investments, we make strategic investments and acquisitions that secure our long-term financial strength and support our growth, business transformation and sustainability goals.

Our financial approach is unique. We have a saying that you should earn it before you spend it and not rely on external funding. With this discipline over the last 75 years, Ingka Group has built up a very strong liquidity position of over EUR 20 billion. The majority of our liquidity is invested in low-risk securities that are aligned with our values and the principles of environmental, social and governance (ESG) investing. As a self-funded company, we keep a strong focus on investing for the long term, all while being focused on delivering a strong performance every day.

As we’re transforming our business, we also take a more dynamic approach to investments and acquisitions, aiming to actively support our core business development and sustainability goals.

We invest in minority and majority shareholdings in innovative companies that support speeding up our transformation in areas such as digitalisation and services. We also invest in circularity, renewable energy and forestland. We work closely with all areas of Ingka Group to align our investments with our business needs, and we want to make a positive difference in the societies where we invest.

“We’re engaging with cutting-edge companies that are developing new technologies, solutions and business models that can help accelerate our business transformation and reach our sustainability goals. We’ve invested approximately EUR 100 million in 25 companies to date, as we’re looking to disrupt rather than to be disrupted,” says Krister Mattsson, Managing Director, Ingka Investments.

**Supporting our IKEA business**
To help speed up our business development and transformation, and as a way to access new technology and business models, we’ll continue to invest in companies focusing on retail services, digital innovation and a circular economy. We believe that acquisitions will help us move faster and learn quicker as we improve and broaden our service offering. In FY19, for example, we invested in Traemand, our kitchen planning and installation partner in the USA. It’s a collaboration that led to an investment that will enable more of our IKEA customers to have a seamless experience all the way from inspiration, measurement and planning to installation and customer support.

**Engaging with innovators**
We also make minority shareholdings in companies without an immediate aim to integrate them into our business. It’s essential to constantly gain new insights in consumer and shopping behaviours, new technologies and business models, and we’re determined to collaborate with these fast-paced innovators and entrepreneurs to stay on top of this constantly evolving landscape.

**We need to be wherever our customers want us to be, which means that we need to become even more affordable, accessible and sustainable.** By putting our excess liquidity to work, Ingka Investments will continue to secure our financial independence and play a key role in transforming our business in order to meet the needs of our customers, today as well as tomorrow.

**Ingka Investments portfolios**

- **Business Development Investments**
  This portfolio focuses on investments in, and acquisitions of, innovative companies that can strengthen our IKEA Retail business with new capabilities and services. Recent investments in kitchen planning and installation company Traemand and services marketplace Taskrabbit are good examples of this approach, offering our customers new ways to access flexible and affordable services. Both companies are active in Canada and the USA and are rolling out operations in Europe.

- **Prioritised City Real Estate**
  This portfolio makes investments in top-location real estate in prioritised cities in order to support a faster execution of the prioritised city strategy of IKEA Retail. Such investments will only be considered if we can open an IKEA store in the building. We secure real estate ownership instead of leasing and preserve value on a long-term basis.

- **Venture & Growth Capital**
  Included in this portfolio are minority investments in cutting-edge companies, including start-ups, that can create synergies for our core business. This allows us to broaden our investment landscape and diversify our financial risk and return profile. In FY19, we invested in home renovation and design platform Livspace; recycling companies RetourMatras, Umicon and INGR; reverse logistics provider Optoro; and small space robotics furniture company Ori.

- **Renewable Energy**
  In this portfolio, we invest in renewable energy assets such as wind and solar power. In FY19, we produced renewable energy equivalent to 95% of the energy we use in our operations, and we’ll reach our goal of 100% by 2025. Our ownership and commitments include 534 wind turbines in 14 countries, and two solar energy farms with 715,000 solar modules under construction in the USA. In addition, there are 500,000 solar modules on our store and warehouse rooftops. New investments include an offshore wind farm in Germany, wind farms in Romania and solar farms in the USA. Since 2009, we’ve invested close to EUR 2.5 billion in renewable energy.

- **Forestland**
  The Forestland portfolio has a focus on responsible forestland ownership that preserves and increases the forest quality for current and future generations. Our high internal standards for sustainable forest management include certification by the Forest Stewardship Council (FSC®), which means that our forests are inspected annually to ensure compliance. So far, we’ve invested in forests in the Baltic States, Romania and the USA. As per year-end FY19, we own approximately 210,000 hectares of forestland. In FY19, we planted 6.7 million seedlings.

- **Financial Markets Investments**
  This is our main portfolio where we invest the majority of our liquidity in order to safeguard the long-term financial strength and independence of Ingka Group. These are investments in fixed income (bonds), listed equities and alternative funds concentrating on infrastructure financing. We avoid undesired sectors, and we develop and explore the possibilities to invest with a positive ESG selection within the constraints of our mandate.

**Ingka Investments key figures as of FY19**

**EUR 200 million**
invested in 21 companies over the past three years

**EUR 2.5 billion**
invested in renewable energy since 2009

**920,000**
solar modules on our store and warehouse rooftops

**715,000**
solar modules under construction in two solar parks in the USA

**534**
wind turbines in 14 countries

Image courtesy of Ingka Investments. All rights reserved under the Ingka Group.
At the cutting edge with venture and growth capital

Through our Venture & Growth Capital portfolio, we make minority investments in fast-moving companies that support our retail transformation and ambition to become people and planet positive.

To reach our business and sustainability goals as fast as possible, we’re joining forces with other companies, including start-ups, through different types of investments. While our Business Development Investments portfolio is focused on direct business needs and more mature companies, the Venture & Growth & Capital portfolio has a broader approach, looking at new companies in strategic areas like retail and services, digital innovation and circularity.

With Venture & Growth Capital investments, we explore and learn from the latest technologies, solutions and business models. Our ambition is to help shape the IKEA of tomorrow, with bold moves that can help our business leapfrog into the future. We work in close collaboration with co-workers throughout the organisation to identify possible investment and acquisition opportunities and to align our activities with the business needs for the 10 jobs in three years initiatives.

Accelerating in 2019

FY19 was a year of acceleration for the Venture & Growth Capital portfolio, with new and follow-on investments doubling our total invested capital. Six new investments were closed in FY19, and the Venture & Growth Capital portfolio now has 18 active companies.

Three examples in FY19:

- RetourMatras is a Dutch company that recycles mattresses and is a key contributor towards a circular economy through an automated process that makes it possible to recycle more than 90% of the materials in a mattress. RetourMatras will scale up their recycling capacity, initially growing to 1 million mattresses per year in the Netherlands – and possibly in other IKEA Retail countries.
- Livspace is a home renovation and design platform in India, with international expansion plans, that connects consumers, suppliers and service providers in a seamless way. Livspace manages the whole process from design to livable rooms, helping people with everything from tiling and plumbing to home furnishing and installation services. This investment marks our commitment to India and Asia and enables potential business collaborations.
- Optoro based in the USA, is a provider of a software platform for reverse logistics for retailers. It allows goods to be returned, processed and resold in an efficient way, thereby reducing waste and CO2 pollution. The platform has the potential to significantly improve the way retailers manage their returns and reverse logistics flows, creating a better customer experience and helping to accelerate the transition towards a circular economy.

We’re open for business

The goal of our Business Development Investments and Venture & Growth Capital portfolios is to support and accelerate our business, growth and transformation. Therefore, we work closely with co-workers throughout Ingka Group, from global functions to local organisations and partners, to identify possible investment and acquisition opportunities that can help our business and speed up growth initiatives.

We’re also actively looking to learn more about new companies in relevant sectors that share our values, where we both could benefit from a closer collaboration, investment or acquisition.

Our active investments

With minority and majority shareholding investments, we continue to focus even more on investments in prioritised areas that support our retail business. We’re ramping up investments and acquisitions in retail tech, including digital, customer fulfilment, sustainability and a range of services including logistics and delivery services.

Global Cleantech Top 100

Three of our recent investments, Aerofarms (indoor urban farming), Terramera (bio-pesticides) and Optoro (reverse logistics), have been listed on the 2019 Global Cleantech 100, a list of companies with the highest potential to make the most significant market impact within the next 5-10 years. A fourth investment, XL (vehicle electrification), made it to the 2019 Global Cleantech “Ones to Watch” list.

Read more about Global Cleantech Top 100 here: www.cleantech.com/the-global-cleantech-100
With 45 locations in 15 countries and 480 million visitors a year, Ingka Centres is a main driver in our business transformation to become more accessible to more people. We're transforming our centres from spaces where people simply shop, to places where people can also learn, experience, meet other people and connect with their communities. That's what we call “meeting places” – and all of them feature an integrated IKEA store, our blue-and-yellow heart. We also work with local and international partners, for a total of more than 1,600 brands, operating over 7,000 shops. To create a varied and engaging experience for our visitors, we collaborate with IKEA Retail, our partners, local authorities and the many people that visit our meeting places every day.

“We're now bringing our business closer to the people who work in our meeting places, as well as the local communities.”

Gerard Groener, Managing Director, Ingka Centres

Throughout FY19, we’ve taken a leap in our journey to create meeting places. We've managed to go through a massive transformation, while at the same time outperforming our goals on visitation, sales income and cost-reduction targets,” says Gerard Groener, Managing Director, Ingka Centres. “We're now bringing our business closer to the people who work in our meeting places, as well as the local communities, listening to our many visitors and designing our offer according to their needs and aspirations.”

More digital, more sustainable
In FY20, Ingka Centres will focus on two main areas: becoming a more digital business and finding new ways to collaborate with partners and communities to become more sustainable. “We’ll continue to understand the needs and drivers of the digital customer. Investing in digital development will allow us to get closer to our customers and expand the range of services we can offer,” Gerard says.

“We’re working towards being powered by 100% renewable energy and recycling 100% of our waste, whilst reducing greenhouse gas emissions. Together with our partners, we’re also developing offers and experiences that can inspire and enable our customers to live healthier and more sustainable lives.

From shopping centres to hyper-connected microcities
Vasco Santos, Sales and Leasing Manager at Ingka Centres, talks about our work in FY19 to create a new kind of meeting places that engages people and brings local communities together.

“Throughout FY19, we’ve taken a leap in our journey to create meeting places. We’ve managed to go through a massive transformation, while at the same time outperforming our goals on visitation, sales income and cost-reduction targets,” says Gerard Groener, Managing Director, Ingka Centres. “We’re now bringing our business closer to the people who work in our meeting places, as well as the local communities, listening to our many visitors and designing our offer according to their needs and aspirations.”

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Each Ingka Centres meeting place is unique, developed to meet the specific needs of the local community.

We want to explore personalisation even further. Experience, leisure, entertainment and community are what’s shaping the evolution of the offer of our meeting places, turning them into hyper-connected microcities, connecting consumers, retailers and communities through different activities and experiences.
Integrating the meeting place with the IKEA store

In FY19, Ingka Centres launched a new integration project to allow visitors to experience the IKEA range in new ways – and move more seamlessly between the IKEA store and the rest of the meeting place.

Our first pilot was the MEGA meeting place in Ekaterinburg, Russia. The driving idea was to increase spontaneous visits from the meeting place to the IKEA store and vice versa and to inspire visitors with IKEA home furnishing already at the entrance of the store. By including IKEA in the shopping experience and opening up new entry points to the store, we created better access to both the IKEA store and the meeting place, allowing customers to leave their bags and collect info desk, allowing them later. Reactions from customers and visitors have been very positive, and an index growth of planned visits to MEGA and IKEA have increased from 18% to 40%.

A seamless shopping experience

In May 2019, four of our meeting places supported the IKEA launch of MÅNSHÅRD limited edition collection with “Look and feel” festivals that attracted more than 9,000 people. The format included fashion shows where people were invited to model on the runway, as well as talks, lectures and workshops arranged together with IKEA. In August and September, we created awareness around SYMFONISK collection of lamps and bookshelves with built-in speakers created in collaboration with Sonos. Thanks to inspiring pop-up areas in seven meeting places, 137,000 visitors could experience the sound of SYMFONISK.

Thanks to these integration projects, we’ve seen lots more visitors entering the IKEA stores and getting inspired by our home furnishing expertise.

“At the same time, we had the chance to identify different components we’re now developing even further to test in FY20. We still have some work ahead, but we’re getting better and better at creating a whole new, exciting way to experience IKEA in our meeting places,” Enzhia finishes.

FY19 highlights

► Sign language translator – To support our hearing-impaired visitors and create a great shopping experience for everyone, our Ingka Beta meeting place in Wroclaw, Poland, now offers an instant video call service with a sign language translator.

► Taking care of surplus food – Re-Food is a project that enables people to have a positive impact on their community and environment by reducing food waste, while helping others at the same time. At MÅR Shopping Matozinhos in Portugal, a group of volunteers regularly collect surplus food from the meeting place’s restaurants, supermarkets and cafés. The food is then classified, sorted and distributed to local families in need.

► Digital Mall in China – Launched a year ago in LIVAT Wuxi, the Digital Mall is a loyalty programme based on WeChat, China’s largest social media platform. By using the app, registered LIVAT Family members can collect points on their spending, redeem gift coupons, enjoy special offers, navigate the meeting place and much more. New features in FY19 include smart parking, real-time navigation and shopping festivals for members. The project has shown great results and is about to be rolled out globally.

► A unique food experience in Bratislava – In the Avion Shopping Park in Bratislava, Slovakia, we made room for a new food area with 650 seats in eight different zones, a relax area, an exterior terrace, 14 operators, three kiosks, two cafés and two entertainment units for kids. But what makes it really unique is the design, architecture and cosy atmosphere.

► Wola Fun Park – Together with our partner SportZone, we created a fantastic space for teenagers in our Wola Park meeting place in Poland. A combination of store and sports facility, Wola Fun Park is an innovative concept offering teenagers affordable products, while bringing people together around sports, like skateboarding, at the same time.

A meeting place to call home

With a total investment of almost EUR 510 million, Ingka Centres will soon open our fourth meeting place in China, this time with an innovative concept that integrates the meeting place with 30,000 m² of IKEA-inspired homes.

What if we could take our meeting place concept a step further and transform our centres into places where you can feel truly at home – or even actually live in real homes? That’s the idea behind the development of our new centre in Changsha, southern China. Set to open in 2020 under our LIVAT brand, the meeting place will include an IKEA store, 350 tenant units, 3,500 car park spaces and something absolutely unique for an Ingka Centre: 30,000 m² of IKEA-inspired apartments. The project aims to cover all aspects of life and work, turning LIVAT Changsha into a vital hub for the community.

The interior design for the apartments and commercial units will be created in collaboration with IKEA Retail China, with a focus on functionality and small-space living. In a market study conducted before construction, locals named “relaxed” and “enjoyable” as the two most important feelings they wanted the new meeting place to convey – something that will also be taken into account.

Mixing spaces, services and opportunities

With its innovative concept and strategic location, the Changsha mixed-use project offers quality living and working spaces for local people wanting to move closer to cities as well as unique opportunities for international and local partners seeking a spot in the fast-growing Chinese market. As Jan Krestensson, Expansion and Development Manager, Ingka Centres, explains: “LIVAT Changsha will feature social spaces, gyms, reading areas and IKEA Swedish-style coffee spaces. The development marks a new step for us, moving away from a traditional approach as we follow our customers to create communities that engage them based on their changing requirements.”

The meeting place will include an IKEA store, 350 stores, 3,500 car park spaces and 30,000 m² of IKEA-inspired apartments.

Sustainability in focus

The Changsha project has achieved our first LEED Silver certification1, in China. Some of the sustainability initiatives include: electricity savings through insulation and solar modules; water savings through a rainwater recycling system; and the installation of charging stations for electric vehicles that can support more sustainable transportation.

Inhabit the meeting place

Inhabit the meeting place with its fantastic design, where local people can feel at home. The development marks a new step for us, moving away from a traditional approach as we follow our customers to create communities that engage them based on their changing requirements. The project aims to cover all aspects of life and work, turning LIVAT Changsha into a vital hub for the community.

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1 LEED certification provides independent verification of a building or neighborhood's sustainable features, allowing for the design, construction, operations and maintenance of resource-efficient, high performing, healthy, cost-effective buildings.