

# IKEA Case Study

12/31/2009  
GAPR09RM085  
Riddhima Chopra



## Table of Contents

About.....	3
History.....	3
Corporate Structure .....	4
Vision and Mission .....	4
The IKEA Concept.....	5
IKEA Range .....	5
IKEA Store.....	6
Design.....	6
Location.....	7
Features .....	7
Products .....	8
Product names .....	8
Catalogue .....	9
Loyalty Programme.....	9
Marketing.....	10
Brand Management .....	10
The IKEA marketing mix .....	11
Manufacturing .....	11
Distribution .....	11
Social and Environmental Initiatives.....	13
Charitable Giving.....	13
Social Initiatives .....	13
Environmental Impact.....	14
Facts and Figures.....	15

## About

IKEA is a privately-held, international home products retailer that sells flat pack furniture, accessories, and bathroom and kitchen items in their retail stores around the world. The company, which pioneered flat-pack design furniture at affordable prices, is now the world's largest furniture retailer.

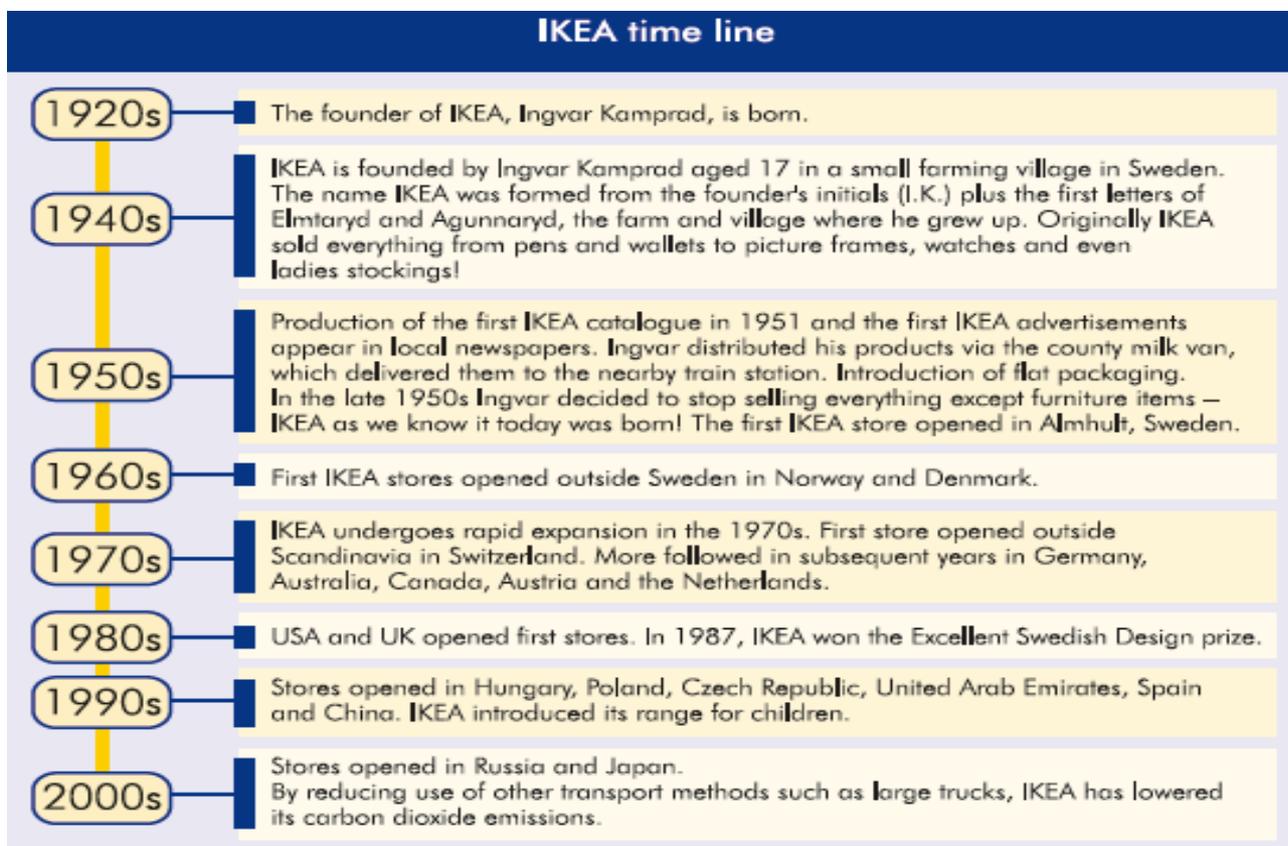
IKEA was founded in 1943 by 17-year-old Ingvar Kamprad in Sweden and it is owned by a Dutch-registered foundation controlled by the Kamprad family. The company which was originated in Småland, Sweden, distributes its products through its retail outlets. As of August 2009, the chain has 301 stores in 37 countries, most of them in Europe, North America, Asia and Australia.

## History



The IKEA Concept began when Ingvar Kamprad, an entrepreneur from the Småland province in southern Sweden, had an innovative idea. In Småland, although the soil is thin and poor, the people have a reputation for working hard, living frugally and making the most out of limited resources. So when Ingvar started his furniture business in the late 1940s, he applied the lessons he learned in Småland to the home furnishings market. Ingvar's innovative idea was to offer home furnishing products of good function and design at prices much lower than competitors by using simple cost-cutting solutions that did not affect the quality of products. Ingvar used every opportunity to reduce costs, and he scraped and

saved in every way possible - except on ideas and quality. The name IKEA comes from the initials of Ingvar Kamprad, I and K, plus the first letters of Elmtaryd and Agunnaryd, which are the names of the farm and village where he grew up.



## Corporate Structure

Despite its Swedish roots, IKEA is owned and operated by a complicated array of not-for-profit and for-profit corporations. The IKEA corporate structure is divided into two main parts: **operations and franchising**. Most of IKEA's operations, including the management of the majority of its stores, the design and manufacture of its furniture, and purchasing and supply functions are overseen by INGKA Holding, a private, for-profit Dutch company. Of the IKEA stores in 36 countries, 235 are run by the **INGKA Holding**. The remaining 30 stores are run by franchisees outside of the INGKA Holding.

INGKA Holding is not an independent company, but is wholly owned by the Stichting Ingka Foundation, which Kamprad established in 1982 in the Netherlands as a tax-exempt, not-for-profit foundation. The Ingka Foundation is controlled by a five-member executive committee that is chaired by Kamprad and includes his wife and attorney.

While most IKEA stores operate under the direct purview of Ingka Holding and the Ingka Foundation, the IKEA trademark and concept is owned by an entirely separate Dutch company, Inter IKEA Systems. Every IKEA store, including those run by Ingka Holding, pays a franchise fee of 3% of the revenue to Inter IKEA Systems. The ownership of Inter IKEA Systems is exceedingly complicated and, ultimately, uncertain. Inter IKEA Systems is owned by Inter IKEA Holding, a company registered in Luxembourg. Inter IKEA Holding, in turn, belongs to an identically named company in the Netherlands Antilles that is run by a trust company based in Curaçao. The owners of this trust company are unknown (IKEA refuses to identify them) but are assumed to be members of the Kamprad family.

In Australia, IKEA is operated by two companies. Stores located on the East Coast including Queensland, New South Wales, and Victoria are owned by INGKA Holding. Stores elsewhere in the country including South Australia and Western Australia are owned by Cebas Pty Ltd. Like elsewhere, all stores are operated under a franchise agreement with Inter IKEA Systems.

## Vision and Mission

The IKEA vision, business idea and market positioning statement provide a framework for all IKEA marketing communication worldwide.



**The IKEA vision** is "To create a better everyday life for the many people." To meet this vision IKEA provides many well-designed, functional products for the home. It prices its products low so that as many people as possible can afford to buy them.

However, in creating low prices IKEA is not willing to sacrifice its principles. 'Low price but not at any price' is what IKEA says. This means it wants its business to be sustainable. IKEA supplies goods and services to individuals in a way that has an overall beneficial effect on people and the environment. Customers all over the world have responded positively to IKEA's approach.

**The business idea** is "To offer a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them."

**The market positioning statement** is "Your partner in better living. We do our part, you do yours. Together we save money."

## The IKEA Concept

The IKEA Concept is based on offering a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. Rather than selling expensive home furnishings that only a few can buy, the IKEA Concept makes it possible to serve the many by providing low-priced products that contribute to helping more people live a better life at home. The IKEA Concept guides the way IKEA products are designed, manufactured, transported, sold and assembled. All of these factors contribute to transforming the IKEA Concept into a reality.

## IKEA Range

Fundamental activities such as eating, sleeping, storing items, socialising and so on create a demand for furniture and practical products that solve essential human needs. The IKEA product range meets these needs by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. The IKEA range includes products for every part of the home.



1. **Design-** While most retailers use design to justify a higher price, IKEA designers work in exactly the opposite way. Instead they use design to secure the lowest possible price. IKEA designers design every IKEA product starting with a functional need and a price. Then they use their vast knowledge of innovative, low-cost manufacturing processes to create functional products, often co-ordinated in style. Then large volumes are purchased to push prices down even further. Most IKEA products are also designed to be transported in flat packs and assembled at the customer's home. This lowers the price by minimising transportation and storage costs. In this way, the IKEA Concept uses design to ensure that IKEA products can be purchased and enjoyed by as many people as possible.
2. **Function-** The many people have many needs. They live with kids. They need more storage. They have to make the most out of a small space. So IKEA designers are always seeking new ways to improve people's lives - without emptying their wallets. But how can good design and function be combined with good quality, all at a low price? It starts with focusing on what's important. Will an expensive finish on the back of a shelf or under a table-top improve the function? Absolutely not. So IKEA designers do not do it, because a product is of no use to the customer if it is not affordable.
3. **Low Price-** Low price is a prerequisite for the IKEA Concept to realise the IKEA vision - "to create a better everyday life for the many people". As the IKEA Concept aims to serve "the many people", the IKEA product range needs extremely low price levels. IKEA designers do their part to keep prices low by using production capabilities from other areas in unique and previously unimagined ways - like having a shirt factory produce furniture upholstery. Or using leftover materials from the production of one product to create an entirely new one. IKEA customers also contribute to keeping prices low. They select and pick up the products themselves, transport them home and then assemble them themselves. And they can enjoy them already later that day.

## IKEA Store

### Design



IKEA stores are usually very large blue buildings with few windows and yellow accents. They are designed around a "one-way" layout which leads customers along "the long natural way." This layout is designed to encourage the customer to see the store in its entirety (as opposed to a traditional retail store, which allows a consumer to go right to the section where the goods and services needed are displayed) although there are often shortcuts to other parts of the showroom.

The sequence first involves going through furniture showrooms making note of selected items. Then the customer collects a shopping cart and proceeds to an open-shelf warehouse for smaller items (Market Hall). Then the customer visits the furniture warehouse (Self

Serve) where they collect previously noted showroom products in flat pack form. Sometimes they are directed to collect products from an external warehouse on the same site or at a site nearby. Finally they take their products to the cashier's station to make payment. Newer IKEA stores, make more use of glass, both for aesthetic and functional reasons. Skylights are also now common in the Self-serve warehouses. More natural light reduces energy costs, improves worker morale and gives a better impression of the product.



Whilst the original design involved the warehouse on the lower level and the showroom and marketplace on the upper, today most stores globally have the Showroom upstairs with the marketplace and warehouse downstairs. Additionally, some stores are single level. Some stores maintain separate warehouses to allow more stock to be kept on-site at any given time, although this occasionally results in challenges in finding the items, as well as a perception of having to queue in line twice. Single-level stores are found predominantly in areas where the cost of land would be less than the cost of building a 2-level store – examples include the store in Saarlouis, Germany and Haparanda, Sweden. Some stores also have dual level warehouses and machine controlled silos which allow large quantities of stock to be accessed throughout the selling day.

Most IKEA stores offer an "as-is" area at the end of the warehouse just prior to the cashiers. Returned, damaged and formerly showcased products which are not in new condition or taken out of the IKEA product range are displayed here, and sold with a significant discount, but also with

a "no-returns" policy. Most IKEA stores communicate the IKEA policy on environmental issues in the "as-is." In the United Kingdom, this is referred to as "Bargain Corner."



## Location

The vast majority of IKEA stores are located outside of city centres, primarily because of land cost and traffic access. Several smaller store formats have been unsuccessfully tested in the past (the "midi" concept in the early 90s, which was tested in Ottawa and Heerlen with 9,300 m<sup>2</sup>, or a "boutique" shop in Manhattan).

## Features

1. **Timings-** An important feature of many IKEA stores is their long opening hours. Many IKEA stores are in operation 24 hours a day with restocking and maintenance being carried out throughout the night. However, public opening hours tend to be much longer than most other retailers, with stores open well into the evening in many countries. In the UK for example, almost all stores are open past 8pm with opening times often around 9-10am. Ikea Croydon has one of the longest opening hours worldwide being open from 10am 12 Midnight Monday to Friday.

2. **Restaurants-** Many stores include restaurants serving traditional Swedish food such as potatoes with Swedish meatballs, cream sauce and lingonberry jam, although there are variations. Besides these Swedish staples, hot dogs and drinks are also sold, the latter for around 5 SEK (approx \$1 USD), along with a few varieties of the local cuisine, and beverages such as lingonberry juice. Also items such as Prinsesstårta — Princess cake are sold as desserts. Refills of coffee, tea, and soft drinks are free of charge, even in countries where this is uncommon in other restaurants.



3. **Grocery Store-** Many stores also have a mini-shop selling Swedish-made, Swedish-style groceries, such as Swedish meatballs, packages of gravy and various Scandinavian cookies and crackers, as well as salmon and salmon roe.

4. **Child Care-** Many stores have a play area, named Småland, for children aged 3 to 10 years (may vary). The service is offered completely free of charge. Parents drop off their children at a gate to the playground, and pick them up after they arrive at another entrance. Parents are also given free pagers by the on-site staff; the staff will set off these pagers should a child need his/her parents sooner than expected. The area mostly features things such as slides, seesaws, cartoons, a ball pit, etc.



## Products

Much of IKEA's furniture is designed to be assembled by the consumer rather than being sold pre-assembled. IKEA claims this permits them to reduce costs and use of packaging by not shipping air; the volume of a bookcase, for example, is considerably less if it is shipped unassembled rather than assembled. This is also a practical point for many of the chain's European customers, where public transport is commonly used; the flat-pack distribution methods allow for easier transport via public transport from the store to a customer's home for assembly.

IKEA contends that it has been a pioneering force in sustainable approaches to mass consumer culture. Kamprad refers to the concept as "democratic design," meaning that the company applies an integrated approach to manufacturing and design. In response to the explosion of human population and material expectations in the 20th and 21st century, the company implements economies of scale, capturing material streams and creating manufacturing processes that hold costs

and resource use down, such as the extensive use of particle board. The intended result is flexible, adaptable home furnishings, scalable both to smaller homes and dwellings as well as large houses. IKEA has also expanded their product base to include flat-pack houses, in an effort to cut prices involved in a first-time buyer's home



## Product names

IKEA products are identified by single word names. Most of the names are Swedish in origin. Although there are some notable exceptions, most product names are based on a special naming system developed by IKEA in conjunction with Colin Edwards (international naming expert and furniture enthusiast).

- Upholstered furniture, coffee tables, rattan furniture, bookshelves, media storage, doorknobs: Swedish placenames (for example: Klippan)
- Beds, wardrobes, hall furniture: Norwegian place names
- Dining tables and chairs: Finnish place names
- Bookcase ranges: Occupationss
- Bathroom articles: Scandinavian lakes, rivers and bays
- Kitchens: grammatical terms, sometimes also other names
- Chairs, desks: men's names
- Materials, curtains: women's names
- Garden furniture: Swedish islands

- Carpets: Danish place names
- Lighting: terms from music, chemistry, meteorology, measures, weights, seasons, months, days, boats, nautical terms
- Bedlinen, bed covers, pillows/cushions: flowers, plants, precious stones
- Children's items: mammals, birds, adjectives
- Curtain accessories: mathematical and geometrical terms
- Kitchen utensils: foreign words, spices, herbs, fish, mushrooms, fruits or berries, functional descriptions
- Boxes, wall decoration, pictures and frames, clocks: colloquial expressions, also Swedish place names

For example, DUKTIG (meaning: good, well-behaved) is a line of children's toys, OSLO is a name of a bed, BILLY (a Swedish masculine name) is a popular shelf, DINERA (meaning: (to) dine) for tableware, KASSETT (meaning: cassette) for media storage. One range of office furniture is named EFFEKTIV (meaning: efficient), SKÄRPT (meaning: sharp or clever) is a line of kitchen knives.

Because IKEA is a worldwide company working in several countries with several different languages, sometimes the Nordic naming leads to problems where the word means something completely different to the product. While exotic-sounding names draw attention, e.g., in anglophone countries, a number of them call for a snicker. Notable examples include "Jerker" desk and "Fartfull" workbench. Also, the most recent new product, Lyckhem (meaning bliss). The products are generally withdrawn, probably after someone pointed at blunders, but not before generating some news.

Company founder Ingvar Kamprad, who is dyslexic, found that naming the furniture with proper names and words, rather than a product code, made the names easier to remember.

## Catalogue

IKEA publishes an annual catalogue. First published in Swedish in 1951, the catalogue is now published in 55 editions, in 27 languages for 36 countries, and is considered to be the main marketing tool of the retail giant, consuming 70% of the company's annual marketing budget.

The catalogue is distributed both in stores and by mail. Most of the catalogue is produced by IKEA Communications AB in IKEA's hometown of Älmhult, Sweden where IKEA operates the largest photo studio in northern Europe at 8,000 square metres in size. The catalogue itself is printed on chlorine-free paper of 10-15% post-consumer waste.



## Loyalty Programme



IKEA has launched a loyalty card programme called "IKEA Family." The distinctive orange card is free of charge and can be used to obtain discounts on a special range of products found in each IKEA store. In particular, it gives 25% off the price of commissioned ranges of IKEA products on presentation of the card. The card also gives discounts on food purchased in the restaurant and the Swedish Food Market. In conjunction with the card, IKEA also publishes and sells a printed quarterly magazine titled IKEA Family Live which supplements the card and catalogue. The magazine is already printed in thirteen languages and an English edition for the United Kingdom was launched in

February 2007. It is expected to have a subscription of over 500,000.

## Marketing

### Brand Management



The IKEA brand is the sum total of the emotional and rational values that consumers associate with the IKEA trademark and the reputation of our company. The brand image is the result of over 50 years work by IKEA co-workers at all levels all over the world.

### Marketing Communication

The overall task of IKEA marketing communication is to build the IKEA brand and inspire people to come to the stores. The IKEA concept builds on a relationship with the consumer. Nine key messages are used within the IKEA marketing communication to build this relationship. These are

- **The IKEA concept** is based on the market positioning statement. "We do our part" focuses on their commitment to product design, consumer value and clever solutions. By using inexpensive materials in a novel way and minimising production, distribution and retail costs, their customers benefit from low prices.
- **The IKEA product range** is developed to be extensive to have something that appeals to everyone and to cover all functions in the home. The products are modern not trendy so they are practical enough for everyday use.
- **IKEA is the home furnishing specialist**- IKEA products are functional and appealing; they enable people to improve their home life through practical solutions to everyday problems.
- **Low price is** not appealing unless it represents good value for money. This is where IKEA is able to make a real difference. IKEA is committed to having a good relationship with our suppliers and so we are able to purchase good quality, economically produced designs that are bought in bulk to keep costs down. By making all their furniture flat packed they cut down on transportation and assembly costs.
- **Function** - IKEA products are based on a functional approach to design. IKEA design means products that are attractive, practical and easy to use. They don't have unnecessary features, they give genuine solutions for specific home furnishing needs and are made of the most suitable materials for their purpose.
- **The right quality**- IKEA products are subjected to rigorous tests to make sure that they meet national and international safety standards.
- **Convenient shopping**- The IKEA store offers "everything under one roof", most of it available for immediate take-away. IKEA offers service where they need it, but allows customers to make most of the decisions themselves. This means that they need to make it easy to choose the right products by displaying them correctly, describing them accurately and having a simple returns policy.
- **A day out for the whole family**- IKEA aim to look after their customers by planning for their needs. Not only do they provide inspiration and ideas, but they also encourage people to touch, feel and use the products on display to see how they would fit into their own home. They have new products arriving all the time, seasonal themes, play areas for children, special events and a great value family restaurant.
- **Swedish IKEA**, - The key IKEA messages all have their roots in the Swedish origin of IKEA. Swedish furniture is light and fresh yet unpretentious. The warm welcoming Swedish style has become a model of simplicity, practicality, and informality that is now world renown.



## The IKEA marketing mix

IKEA has a long tradition in marketing communication focusing primarily on printed media which has proven its values and success to the company over the years. Other media now being used to an increasing degree include TV, radio, and internet based communication.

The IKEA marketing mix consists of 4 different areas of focus.

1. **The IKEA product range** is our starting point. All other marketing communication is used to amplify the product range.
2. **The store** is the IKEA retailer's primary medium for presenting and communicating the range, its low price and the IKEA concept.
3. **The IKEA catalogue** is the main marketing tool with around 70% of the annual marketing budget being spent on this alone. It is produced in 38 different editions, in 17 languages for 28 countries. 110 million catalogues were circulated last year - three times higher than that of the Bible, with 13 million of these being available in the UK.
4. **The IKEA advertising, PR and other types of communication** are complements to the IKEA range; store and catalogue are used to spearhead the penetration of our target market.

## Manufacturing

Although IKEA household products and furniture are designed in Sweden, they are largely manufactured in developing countries to keep down costs. With suppliers in 50 countries, roughly 2/3 of purchasing is from Europe with about 1/3 from Asia. A small amount of products are produced in North America. Comparatively little production actually takes place in Sweden, though it still remains the fourth-largest supplier country (behind China, Poland and Italy). China accounts for about 2.5 times as much supply as Sweden. For most of its products, the final assembly is performed by the end-user (consumer).



## Distribution



For IKEA, distribution is an important part of the equation of creating home furnishing articles at prices which are as low as possible. Today approximately 10,000 IKEA products are manufactured by 1,600 suppliers and transported to 186 IKEA stores around the world, often via one of the company's 27 central warehouses and distribution centres. At IKEA, distribution is all about making the route from the manufacturer to the customer as short as possible.

In the early days of IKEA, the "warehouse" was a shed on Elmtaryd Farm in the south of Sweden where the founder of the company, Ingvar Kamprad, lived with his parents. In those days products were despatched from Elmtaryd with the help of the county milk van that visited the farm each day. Things have changed a bit since then, however. Today IKEA operates 27 distribution centres in a total of 16 countries. From here IKEA products are delivered to 186 stores around the world – 165 IKEA Group stores and a further 21 stores operated by other franchisees.

### **Large volumes + flat packs = low costs**

IKEA works in various ways not only to rationalise and simplify distribution, but also to minimise the impact this part of the business has on the environment. The secret is to calculate as exactly as possible how many products will be needed to satisfy demand. This eliminates any unnecessary costs for production and warehousing.

The hallmarks of IKEA distribution are:

- A global distribution network
- large volumes
- flat packages
- Low costs.



The aim, of course, is to make sure that the right products are always available at the store when the customers wish to buy them.

### **Better efficiency means lower prices**

The fact that IKEA products are sold packed flat means that they can be transported with greater efficiency. By minimising “wasted space” it is possible to transport and store more packages at a time. And by increasing what is known as “the filling rate” in containers etc. (in other words, reducing the amount of wasted space), the cost of transporting each item goes down. One good example of this is HOTT kettle. Making better use of the available space by stacking some of the kettles upside down makes it possible to fit ten kettles into a box instead of just six. As a result, less packaging materials are needed and distribution costs are kept lower.

### **More deliveries by rail in future**

Today 60 percent of all IKEA freight is transported by road, 20 percent by rail and 20 percent by sea. Less than one percent is air freighted. The aim is to constantly increase the proportion of goods transported by rail. Within the next three years 40 percent of all IKEA freight within Europe will be moved by rail. For some years now, all the freight companies working with IKEA have been required to provide statistics for a so called “Environmental Performance Sheet” that details how their operations impact on the environment. This enables IKEA to keep a check on these companies’ environmental work and to monitor what measures they are introducing to reduce the use of fuel and minimise emissions.

## Social and Environmental Initiatives

### Charitable Giving



The INGKA Foundation is officially dedicated to promoting “innovations in architecture and interior design.” With an estimated net worth of \$36 billion, the foundation is unofficially the world’s largest charitable organization, beating out the much better known Bill and Melinda Gates Foundation, which has a net worth of approximately \$33 billion.

Despite its enormous wealth, the Ingka Foundation does very little charitable giving. Detailed information about its grantmaking is unavailable, as foundations in the Netherlands are not required to publish their records. But IKEA has reported that in 2004-2005, the Ingka Foundation's donations were concentrated on the Lund Institute of Technology in Sweden, and the Lund

Institute reported the receipt of \$1.7 million grants from the foundation during both of those years. By way of comparison, the Gates Foundation made gifts of more than \$1.5 billion in 2005.

Notwithstanding the Ingka Foundation's lack of concerted philanthropic activity, IKEA is involved in several international charitable causes, particularly in partnership with UNICEF. These include:

- In the wake of the 2004 Boxing Day Tsunami, IKEA Australia agreed to match dollar for dollar co-workers donations and donated all sales of the IKEA Blue Bag to the cause.
- After the Pakistan earthquake of 2006, IKEA gave 500,000 blankets to the relief effort in the region
- IKEA has provided furniture for over 100 "bridge schools" in Liberia.
- In the 2008 Sichuan earthquake in China, IKEA Beijing sold an alligator toy for 40 yuan (US\$5.83, €3.70) with all income going to the children in the earthquake struck area

IKEA also supports American Forests to restore forests and reduce pollution.

Links with Education In 2008 IKEA was a supporter of the Design Wales Ffres Awards, providing a creative brief for undergraduate design competition.

### Social Initiatives

In September 2005 IKEA Social Initiative was formed to manage the company’s social involvements on a global level. IKEA Social Initiative is headed by Marianne Barner. The main partners to IKEA Social Initiative are UNICEF and Save the Children.

On the 23rd of February 2009 at the ECOSOC event in New York, UNICEF announced that IKEA Social Initiative has become the agency’s largest corporate partner, with total commitments of more than 180 million USD.



Examples of involvements:

- IKEA through IKEA Social Initiative contribute €1 to UNICEF and Save the Children from each soft toy sold during the holiday seasons, raising a total of €16.7 million so far.
- IKEA Social Initiative provided soft toys to children in cyclone affected Myanmar.
- Starting in June 2009, for every Sunnan solar-powered lamp sold in IKEA stores worldwide, IKEA Social Initiative will donate one Sunnan with the help of UNICEF.

## Environmental Impact

In 1990, IKEA invited Karl-Henrik Robèrt, founder of The Natural Step, to address its board of directors. Robert's system conditions for sustainability provided a strategic approach to improving the company's environmental performance. This led to the development of an Environmental Action Plan, which was adopted in 1992. The plan focused on structural change, allowing IKEA to "maximize the impact of resources invested and reduce the energy necessary to address isolated issues." The environmental measures taken, include the following:

- Replacing polyvinylchloride (PVC) in wallpapers, home textiles, shower curtains, lampshades, and furniture—PVC has been eliminated from packaging and is being phased out in electric cables;
- minimizing the use of formaldehyde in its products, including textiles;
- producing a model of chair (OGLA) made from 100% post-consumer plastic waste;
- introducing a series of air-inflatable furniture products into the product line. Such products reduce the use of raw materials for framing and stuffing and reduce transportation weight and volume to about 15% of that of conventional furniture;
- reducing the use of chromium for metal surface treatment;
- using wood from responsibly-managed forests that replant and maintain biological diversity;
- using only recyclable materials for flat packaging and "pure" (non-mixed) materials for packaging to assist in recycling.
- introducing rental bicycles with trailers for customers in Denmark.

More recently, IKEA has stopped providing plastic bags to customers, but offers reusable bags for sale. The IKEA restaurants also only offer reusable plates, knives, forks, spoons, etc. Toilets in some IKEA restrooms have been outfitted with dual-function flushers. Most stores only offer paper plates and plastic knives, forks, and spoons. IKEA has recycling bins for compact fluorescent lamps (CFLs), energy saving bulbs, and batteries. In 2001 IKEA was one of the first companies to operate its own cross-border freight trains through several countries in Europe. In August 2008, IKEA also announced that it had created IKEA GreenTech, a €50 million venture capital fund. Located in Lund (a college town in Sweden), it will invest in 8-10 companies in the coming five years with focus on solar panels, alternative light sources, product materials, energy efficiency, and water saving and purification. The aim is to commercialise green technologies for sale in IKEA stores within 3–4 years.



## Facts and Figures

FINANCIAL YEAR 2008 (1 September 2007 to 31 August 2008)

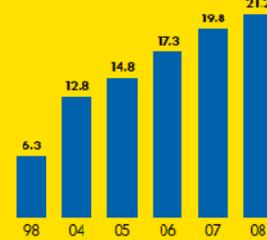
# IKEA AT A GLANCE

### THE IKEA STORES

The IKEA Group opened 21 new stores during the year. In August 2008 there were 253 IKEA stores, which welcomed a total of 565 million visitors during the year. A further 32 stores are owned and run by franchisees outside the IKEA Group.

For an up-to-date list of all IKEA Group stores, please visit: [www.IKEA.com](http://www.IKEA.com)

### Sales 1998-2008 (in billions of euros)



### Sales by region



### Top five sales countries



● **THE IKEA RANGE** comprises 9,500 products that are largely the same in all IKEA stores.

● **THE IKEA CATALOGUE** was printed in 27 languages and 52 editions. A total of 198 million catalogues were published.

● **IKEA FOOD SERVICES** reported sales of 957 million euros.

● **IKEA WEBSITES** attracted around 450 million visits.

● **IKEA GROUP SALES** totalled 21.2 billion euros.

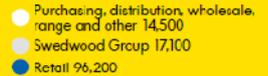
### Purchasing by region



### Top five purchasing countries



### Co-workers by function



### Co-workers by region



● **THE IKEA GROUP** had – in August 2008 – 253 stores in 24 countries, 41 trading service offices in 30 countries, and 27 distribution centres and 11 customer distribution centres in 16 countries.

● **IKEA SUPPLIERS** numbered 1,380 in 54 countries.

● **IKEA FAMILY** had 21 million members in 18 countries.

● **THE SWEDWOOD GROUP** is the IKEA industrial group with 17,100 co-workers and 49 factories and sawmills in 11 countries.

● **IKEA GROUP CO-WORKERS** totalled 127,800 in 39 countries.

### Turnover (million EURO)

