

ANALYSIS

Ikea's manual for flatpack fortune

As Ikea celebrates 30 years in the UK, Emily Hardy visits the furniture giant's home in Sweden to dig into its past and uncover its future

Thirty years ago this month, an international retailer set up shop in the UK and changed the homewares sector. Ikea's arrival brought low-cost, long-lasting furniture to the masses and now no student house is complete without a Billy bookcase.

Ikea, of course, is a global phenomenon with more than 400 stores in 49 countries. But what is the secret to its success? Retail Week trekked to its nerve centre, Almhult in rural Sweden, to find out.

Exiting the train station, there's little to see besides off-white, uniform concrete buildings. Initially impersonal and indistinguishable, this town doesn't scream innovation and entrepreneurialism.

However, this is not only the location of Ikea's first store, but the beating heart of the homewares giant.

Humble beginnings

Ingvar Kamprad from Elmtaryd in the parish of Agunnaryd opened his first shop, Ikea, in 1943, originally selling pens, picture frames, table runners, watches, jewellery and nylon stockings.

However, Kamprad, now 91, soon began specialising in furniture and opened his first showroom in Almhult in 1951.

Influenced by the poverty Sweden had endured earlier that century and its more recent push to become a modern, egalitarian society, Kamprad's Ikea had the aim of "creating a better everyday life for the many people" – an idea that is still at the retailer's core.

Almhult, which is also home to the Ikea museum – a three-storey site (complete

with meatball-themed restaurant) that champions the Ikea growth story – is the retailer's global centre for range, supply and business development, and is a hive of activity and innovation.

Democratic design

Ever wondered how Ikea seemingly has a solution to everything? The answer is democratic design.

Every product, be it a toilet brush or a chest of drawers, is created with the same starting point – the total maximum price – and is developed with five key elements front of mind: form, function, quality, price and sustainability.

Using these principles, the designers here create between 1,500 and 2,000 new products every year.

While many of these prototypes never make it through the rigorous testing process and into stores, those that do often become universally recognisable, such as the Billy bookcase.

In the entrance to the Democratic Design Centre, an impressive bookcase stretches from floor to ceiling alongside a sign that reads 'Make room for life'.

This line not only plays to the retailer's design ethos but is intended to encourage a healthy work/life balance among employees.

This centre is where Ikea makes its prototypes – a process now sped up with the use of 3D printing – and where items are displayed and given further consideration in its concept store.

Those that make the grade are meticulously tested at Ikea's labs before they can be shipped across the globe.



The entrance to Ikea's Democratic Design Centre

Commitment to innovation

What sets Ikea apart from its competitors is its commitment to innovation. It has teams of dedicated 'future-gazers' to ensure it stays ahead of the curve and is prepared for any eventuality.

Co-create Ikea – one of the firm's newest initiatives – is an open invitation to customers and start-ups worldwide to contribute to the Ikea design process and proffer solutions.

"Innovation is kind of a buzzword," says Co-create Ikea project manager Mikael Ydholm, "but Ikea was born as a challenger".

Ikea will run a 10-week bootcamp during which 10 start-ups will be mentored in Almhult and, from January next year, Ydholm says, shoppers will be invited to share their ideas too.

"This is not a side project," he adds. "We're democratising product development."

Alongside this, Ikea is leading the way in 3D imaging, virtual reality and motion media in its digital lab.

The retailer is on the brink of launching – in collaboration with Apple – the "first augmented reality app that will enable [shoppers] to make buying decisions".

1,500

The minimum number of products Ikea designers create every year

Watch our video from Ikea's
world headquarters at
Retail-Week.com/Ikea-Sweden



The Ikea Hotel in
Almhult, Sweden

Ikea's latest UK
store in Sheffield



As well as opening two new superstores, Ikea is trialling a new web platform in the UK, has launched two new London distribution centres and opened a handful of new smaller stores

A dynamic 30th year?

Back on home soil, Ikea's UK business is in growth mode. It is run by one of its first UK employees, Gillian Drakeford, who worked on the shopfloor of its debut store in Warrington 30 years ago. Her long tenure and ascension through the ranks is not uncommon at Ikea, which has engendered loyalty since its inception.

Now, as an ambassador of the Living Wage and Retail Week's Be Inspired campaign, Drakeford bangs the drum for employee rights and is committed to being a good employer.

She rejoined Ikea's UK division four years ago after an 11-year stint running its Chinese operation, and her return has brought a new dynamism to the business.

As well as opening two new superstores – one in Reading last year, which marked the first Ikea opening in seven years, and another last month in Sheffield – Ikea is trialling a new web platform in the UK, has launched two new London distribution centres and opened a handful of 'Order and Collection' points.

The UK has thrown up new challenges for the Ikea group. As the slumped pound drives up sourcing costs, Ikea has said it will explore the use of materials such as bamboo to ensure it can stick to its low-cost promise. In true Ikea fashion, Brexit is not viewed as a problem but another excuse to innovate.

For innovation and its focus on democratic design have built Ikea into not just the UK's, but the world's largest furniture retailer. **RW**

Hopping ahead with TaskRabbit

Ikea has become the latest firm to home in on the booming gig economy and, in doing so, is vying to make itself fit for the future.

By acquiring on-demand handyman service TaskRabbit, Ikea has joined the likes of Dixons Carphone and John Lewis in ensuring it can fulfil multiple functions for its shoppers.

In the way Dixons Carphone aims to get and keep customers' tech working with its KnowHow services business, Ikea – following a successful trial in London and America – has snapped up TaskRabbit to give its time-poor shoppers the option of having their flatpack furniture constructed for them.

It is unlike Ikea, which prides itself on being self-sufficient, to form this sort of partnership, but – particularly in the UK – the need to adapt rapidly to changing consumer demands is of paramount importance.