

Swedish furniture major IKEA, which is opening its 400,000 sq.ft debut outlet in India on August 9, 2018 features 7,500 furniture and home furnishing products and a 1,000-seater restaurant - which is the brand's largest in over 400 stores it has globally.

Henrik Österström, Country Food Head, IKEA India says, "IKEA aims to create a better everyday life for the people. It is with this vision that we created our home furnishing business idea, which 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. But then, you may ask why do we also serve food? The reason for our association with food goes back quite some time. As far back as in 1959, when we opened the first store in a small village in south Sweden, our founder



“IKEA Betting Big on its Food Business”

– Henrik Österström, IKEA India Food Head

As far as back in 1959, when IKEA opened its first store in south Sweden, Founder Ingvar Kamprad, realised it was difficult to do business with hungry customers. His observation is valid even today...

– By Charu Lamba

Ingvar Kamprad had said that it is difficult to do business with hungry customers. His observation is valid even today when we have huge showrooms in various markets across the world.”

He further adds, “Back at that time, our founder realised that people used to leave the store after shopping for some time. They did not come back because they went out to eat something. So, the

idea was born that we need to have our own restaurant to keep the people in the store and to give them something nice to eat.”

IKEA Food represents 5-6 percent of IKEA business

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totally. The brand has 390 restaurants all over the world and sell food to approximately 650 million customers every year.

"Another reason for having a restaurant in IKEA is that a part of our range is to strengthen the Swedish-ness of IKEA and we do it with our food. This also helps us to be part of a family and divide the profit evenly. Then of course, we ought to have something for our visitors who come to our store. Many of us love to



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have local food, so in every store we serve both local and global cuisines. We also aim to support low prices of food, selling at the lowest price possible," asserts Österström.

"Then there are other reasons like building trust for the brand among customers, co-workers and suppliers. A great food experience helps build trust in the brand, overall. Our plan for India is similar to what we have all over the world, and that is we have two different kinds of places for experiencing our food. The format that we stick to is to have a big restaurant and a café as well. Having this kind of a format fulfills two purposes – you can go for a quick bite at the café when you are leaving the store and also sample some local food and Swedish specialties at the

restaurant. All of the products at our restaurants are organic and certified too."

Food Range

The Swedish brand's restaurants, which are an integral part of the store, are known for their meatballs. The meatball meal comprises of 20-25 percent of the total IKEA restaurant business. However, in India, the furniture giant will replace their traditional Swedish meatballs with chicken and Vegetable Balls.

Österström says, "We are not serving traditional meatballs like we do in the rest of the world. We are only serving Chicken and vegetable Balls in a traditional way with mashed potatoes, cream sauce and lingonberries."

Other highlights of the menu from their Swedish cuisine include salmon, cinnamon buns, croissant, blueberry jam and cloudberry. Apart from Swedish delights, the menu has been localised for their Indian audience. IKEA will serve various local dishes like *Hyderabadi Biryani*, *Dal Makhani* and Indian breads to name a few.

"We will never force anyone to eat Swedish food, there will always be an option of either eating global or local food," says Österström.

IKEA has also reduced sugar content in the drinks deliberately.

"We do this like a challenge – serve healthier and more sustainable food for all our range. One example is that instead of the ice-cream that we serve in many countries, we are serving frozen yogurt with a lower sugar content," he states.

"As far as our food suppliers are concerned, IKEA is not only looking for the quality and organic food, but also keeping environment and social responsibilities in mind. Animal welfare, carbon footprint and the labeling of packaged food are important concerns that we are looking at," he adds.

Pricing Strategy

IKEA plans to keep the price of dishes at these restaurants low. "The prices of the dishes available at the restaurant will be affordable. We plan to have the lowest prices of comparable products. Our local range will be open to price comparison whereas the global range is an exclusive range which the consumer won't be able to find anywhere else," says Österström.

Globally, the restaurant business accounts for 5.4 percent of the total revenue of IKEA whereas in India, the furniture giant is expecting the restaurant to contribute 10 per cent of the total revenue. According to Österström, the cost of food for two at the IKEA restaurant is somewhere around ₹250.

A majority of products will be sourced from India, which means some dishes may even be priced below ₹100.

The Future

After the Hyderabad store, IKEA will open its second store in Mumbai in 2019, followed by stores in Bengaluru and Delhi-NCR.

"After opening the restaurant in Hyderabad, we are planning to more or less copy paste the same concept with a few differences in other cities. We will have approximately 1000-seater restaurants in all our stores in India over the coming few years," he says.

"We have the opportunity now to test and learn well from Hyderabad, including from the total food concept in the store and then of course we will adapt to local preferences wherever it is possible. At present, IKEA has no plans to introduce cafés in the rest of India," he concludes. [IR](#)