



Analytics-based Strategic Management @IKEA

2023-01-20

Lund University School of Economics and Management

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Life of Björn –
From LUSEM to LUSEM

Strategy & Analytics

Questions &
Discussion

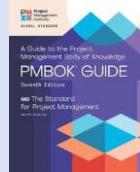
IKEA – how does it
work?

Data Strategy



SCHOOL OF
ECONOMICS AND
MANAGEMENT

Master of Science in Business
and Economics



Project
Management



Master Programme (Two Years)
in Technology Management

Project Management
Advanced 1&2

Teamwork & Leadership 1&2



Leadership and Coaching



AI for Executives

Other Project Mgmt Trainings



Type of Projects

Re-organization and
Operating Model

Change Management

AI-tool Development

PMO Implementation

Strategy Development

Education / Training
development

Equality analysis

RFI / RFP Assessment

HR-system analysis
and review

Co-worker surveys

Employer Branding
Initiatives

Sales and Marketing
Development

Created and Facilitated Trainings

"Introduction to Project Management" at IKEA

Development, facilitation and training the trainers

2-day course

+1000 "students" globally

> 4.6 overall rating



EY Presentation Skills



IKEA Food Motivation
and Leadership



Malmö Stad
Project Management Tools

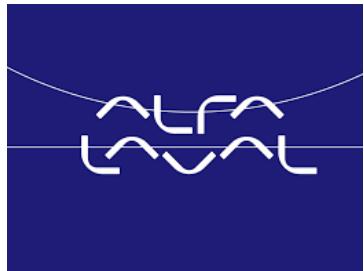


Type of Projects & Assignments

SKANSKA



ERICSSON



Scandic

LANTMÄTERIET

pwc



EY

Building a better
working world

VATTENFALL



TELE2

AstraZeneca

Change Management

Re-organization and
Operating Model

Strategy Development

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RFI / RFP Assessment

Operations
improvement

Employer Branding
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PMO Implementation

Education / Training
development

HR-system analysis
and review

Sales and Marketing
Development

Polisen



HOLGER CRAFOORDS EKONOMICENTRUM

HCEC



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Our Vision

To create a better everyday life for the many people



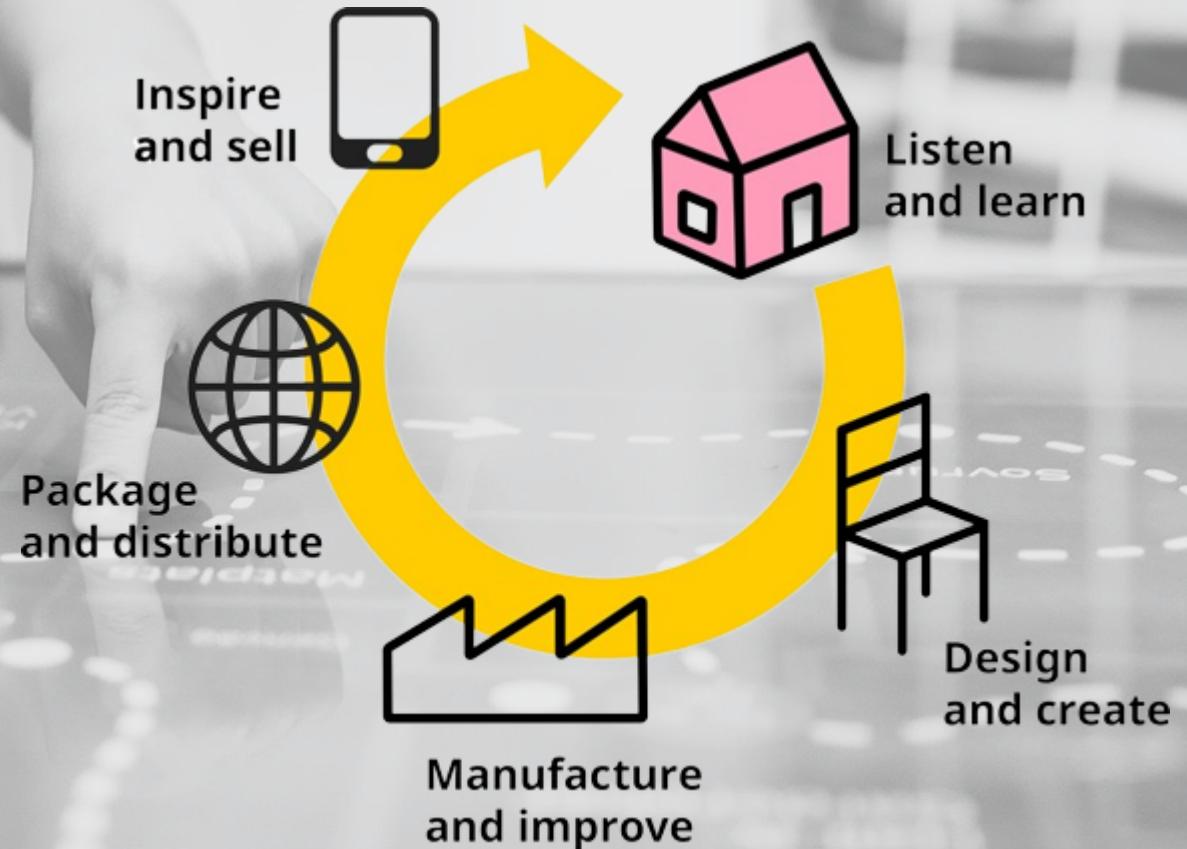
Our Business Idea

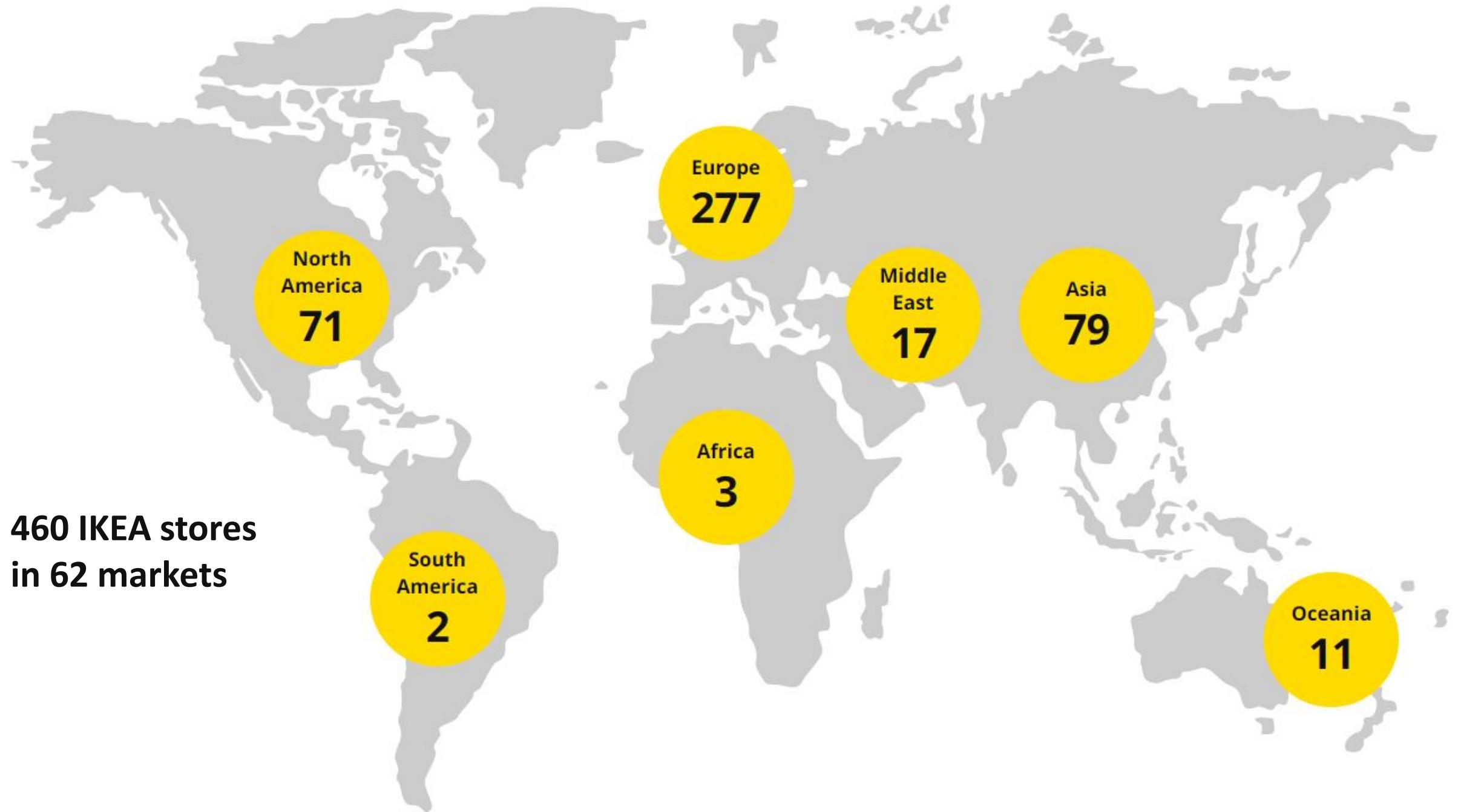
To offer a wide range of well-designed, functional home furnishing products at prices so low, that as many people as possible will be able to afford them.

To meet the needs of our customers we have a unique business model and value chain.

It includes product development, design, supply, manufacture and sales.

And of course, it starts and ends with **our customers**.





Inter IKEA Systems

Owner of the IKEA Concept and worldwide franchisor

Gives assignments to:

- **IKEA of Sweden AB**
Develops the range
- **IKEA Communications AB**
Develops communications
- **IKEA Supply AG**

Ingka Group

Bringing the IKEA Brand to 30 markets and millions of customers around the globe

We focus on:

- Meeting and serving customers through a network of stores, digital touchpoints and services
- World-wide logistic operations
- IT operations and digital development
- Shopping Centres – meeting places together with IKEA
- Purposeful investments for long term growth



IKEA of Sweden AB has the assignment to determine and develop the IKEA Product Range

The Range is our identity – Organized in Home Furnishing Businesses

-
- 1. Living room seating
 - 2. Store and organise
 - 3. Workspaces
 - 4. Bedroom furniture
 - 5. Beds and Mattresses
 - 6. Bathroom
 - 7. Kitchen
 - 8. Dining
 - 9. Children's IKEA
 - 10. Lighting
 - 11. Bed and Bath textiles
 - 12. Home textiles
 - 13. Rugs
 - 14. Cooking
 - 15. Eating
 - 16. Decoration
 - 17. Outdoor
 - 18. Home organisation
 - 19. Secondary storage

The many people

A convenient
and inspiring
customer meeting

Range
is our
identity

An optimal IKEA
value chain

The many partners

FUNCTION

FORM

LOW PRICE

**Democratic
Design**

QUALITY

SUSTAINABILITY

Ingka Group



Ingka Centres

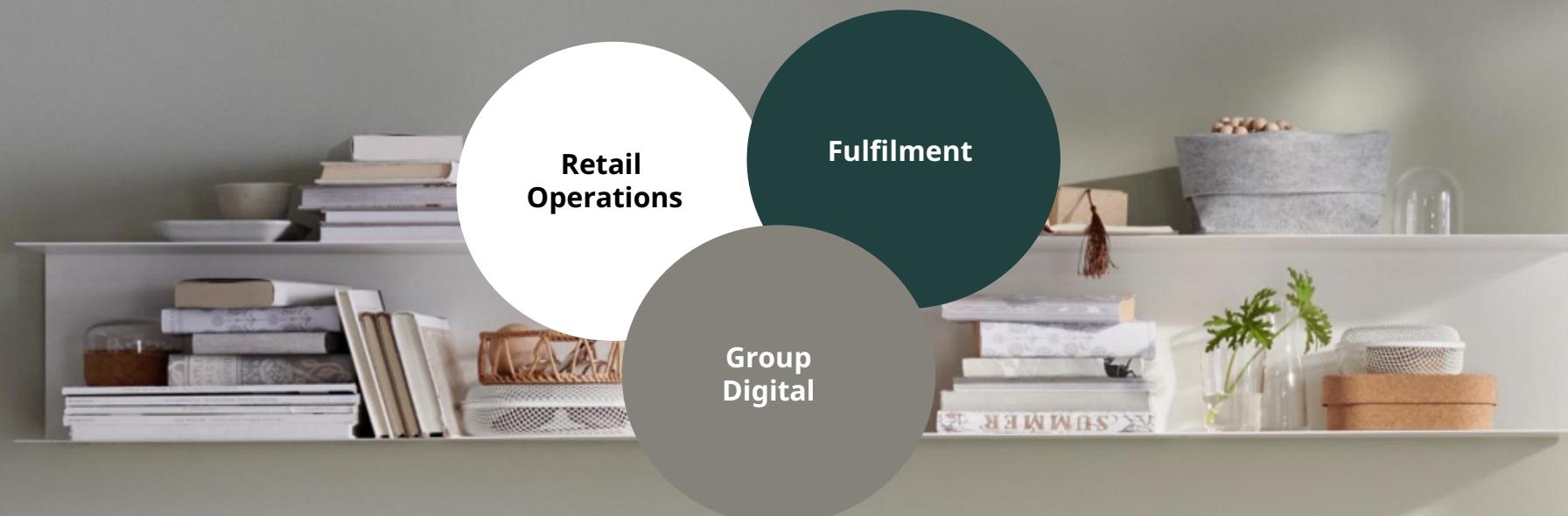
Meeting places
together with IKEA

IKEA Retail

Bringing the IKEA
Brand to 30 countries

Ingka Investments

Purposeful investments
for long-term growth



BOTKYRKA
Wall shelf

€25



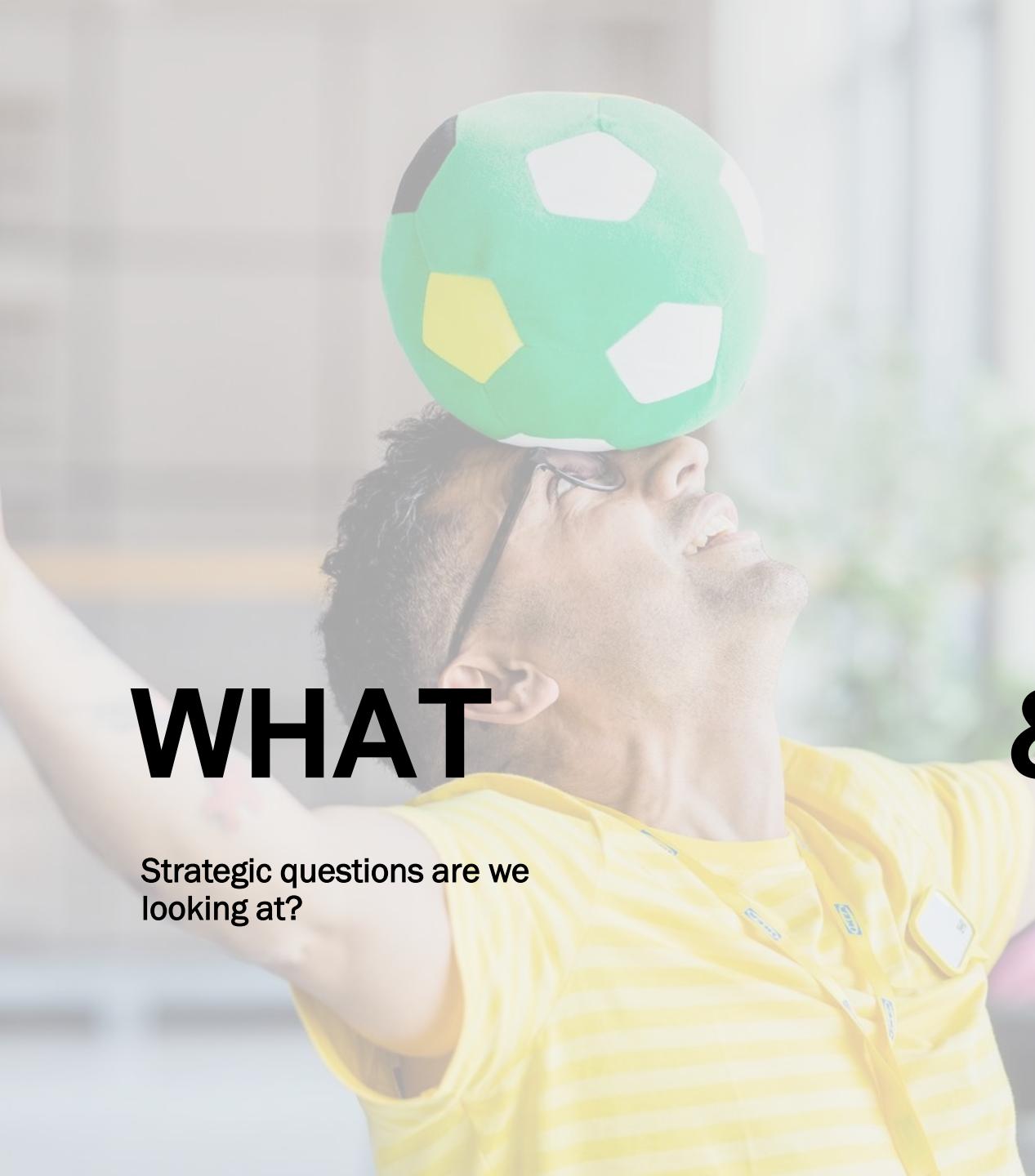
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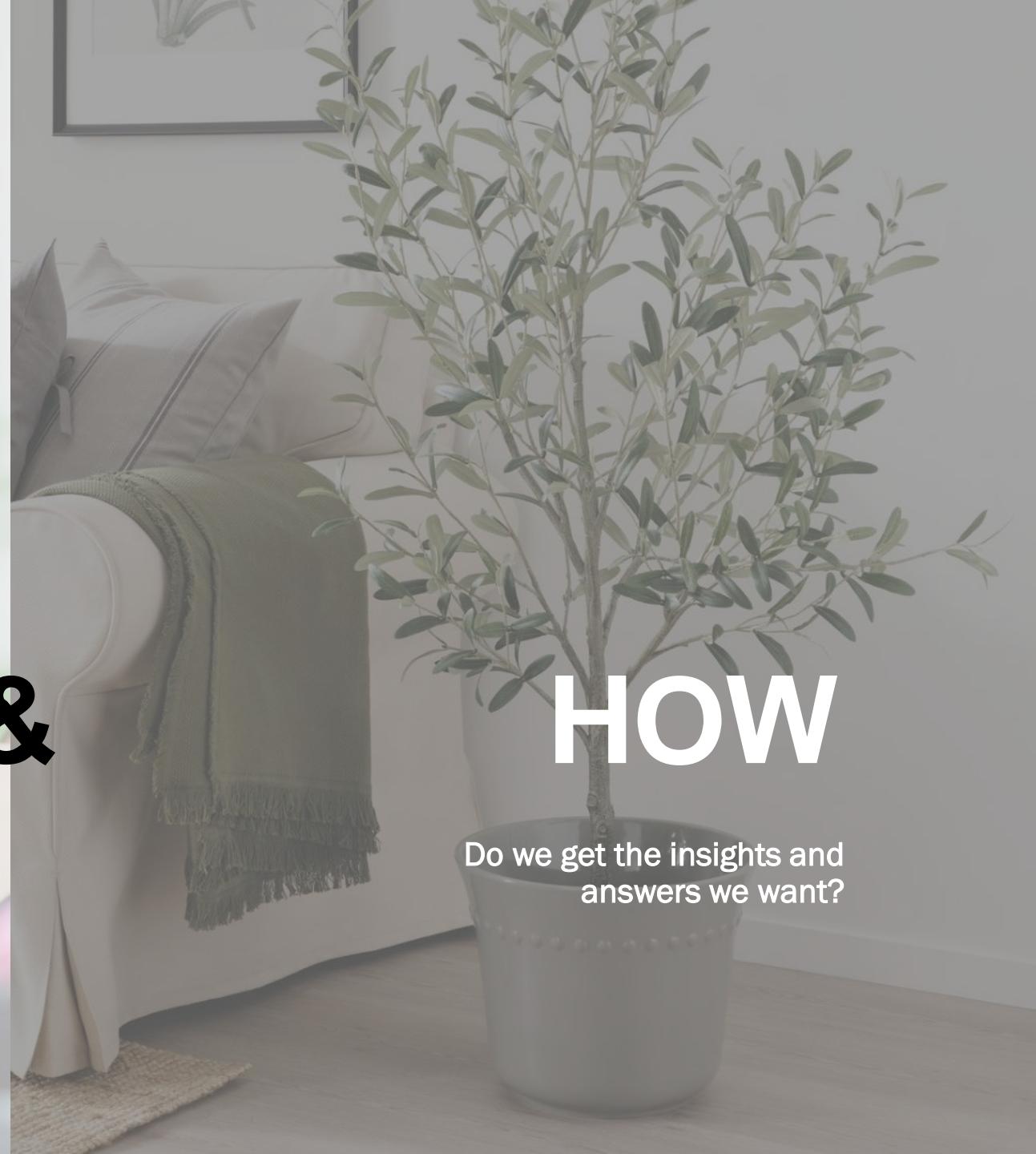
Data Strategy



WHAT

Strategic questions are we
looking at?

&



HOW

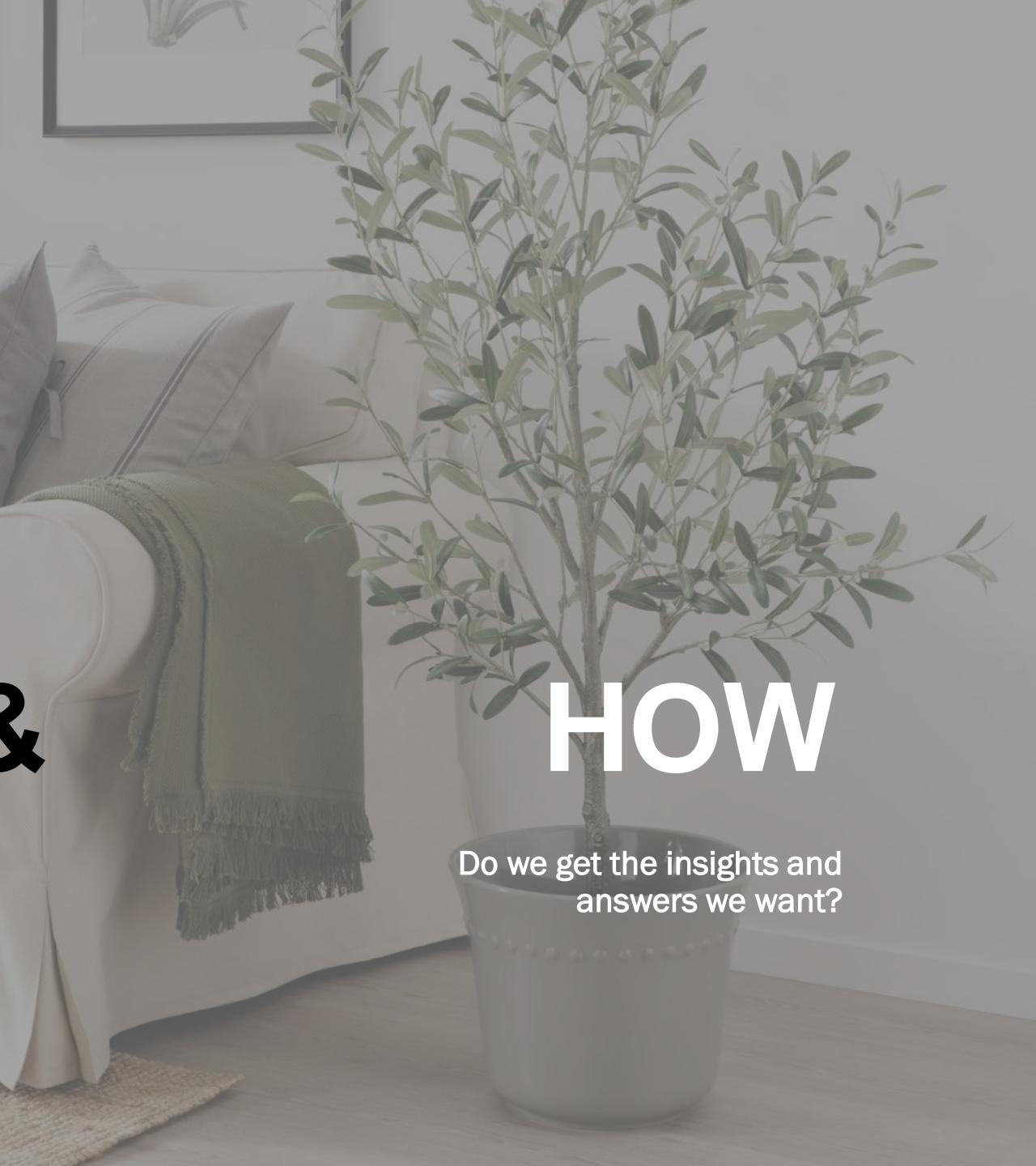
Do we get the insights and
answers we want?



WHAT

Strategic questions are we looking at?

&



HOW

Do we get the insights and answers we want?

IKEA strategic landscape

Forever parts

IKEA vision

IKEA business idea

IKEA culture & values

IKEA concept

IKEA Direction

Now – 2030

Three roads forward

- 1 Make IKEA affordable
- 2 Reach and interact
- 3 Create a positive impact

IKEA strategic planning

Now – 5 years

Meet the customer

Range

Supply

Sustainability

People

Strategic development & innovation

Retail ambitions

e.g. IKEA Retail Direction, 10 jobs in 3 years
(Ingka Group)

IKEA business planning

Now – 3 years

IKEA Business Plan

HFB | Category | Market

IKEA BPL Priorities

IKEA BPL Development Plan

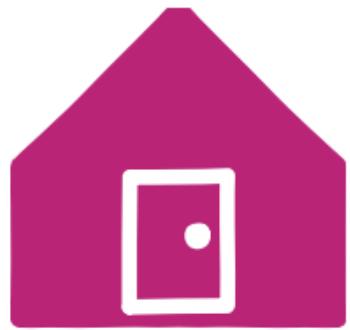
IKEA BPL Growth Plan

Action plans

Now – 1 year



The IKEA Business Plan



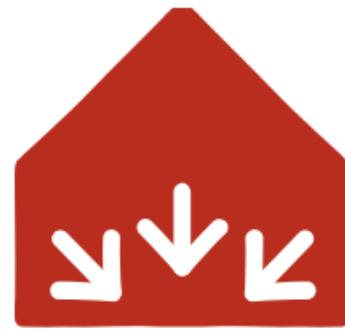
1. Create life at home leadership



2. Create low price leadership in every market



3. Create an excellent omnichannel customer experience



4. Create the optimal mix of IKEA meeting points at the lowest possible costs



5. Create a positive impact on people, society and the planet

Analytics support determining prices

Analytics support determining forecasts

Analytics Support determining classifications of products
- Regional or global?

IKEA of Sweden AB has the assignment to **determine** and **develop** the IKEA Product Range

Support development by providing insights on relevance per market

Support development by understanding gaps in the range

Support development with recommendations on existing range

Movement towards relevance on all markets



Want a unique
leading home
furnishing offer



Performance
unequal between
markets



Need a relevant
offer on all
markets



Analytics and
data as an
enabler





Where should IKEA operate?

How should the range be allocated between HFB:s?

What should we develop to become more relevant?

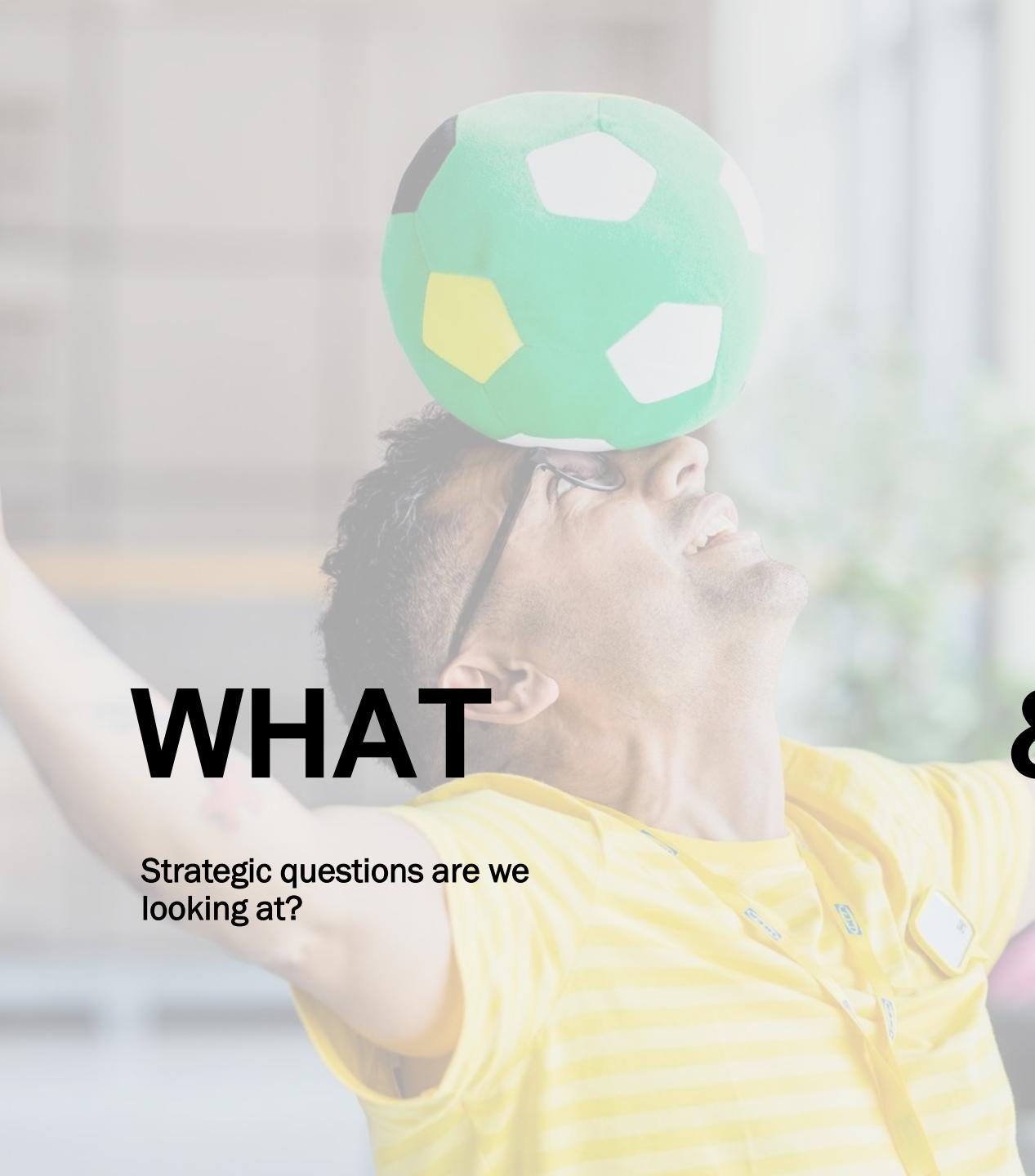
What range should be global, regional and local?

What range should be removed/ altered?

What prices should we have?

How can we forecast sales and plan accordingly?

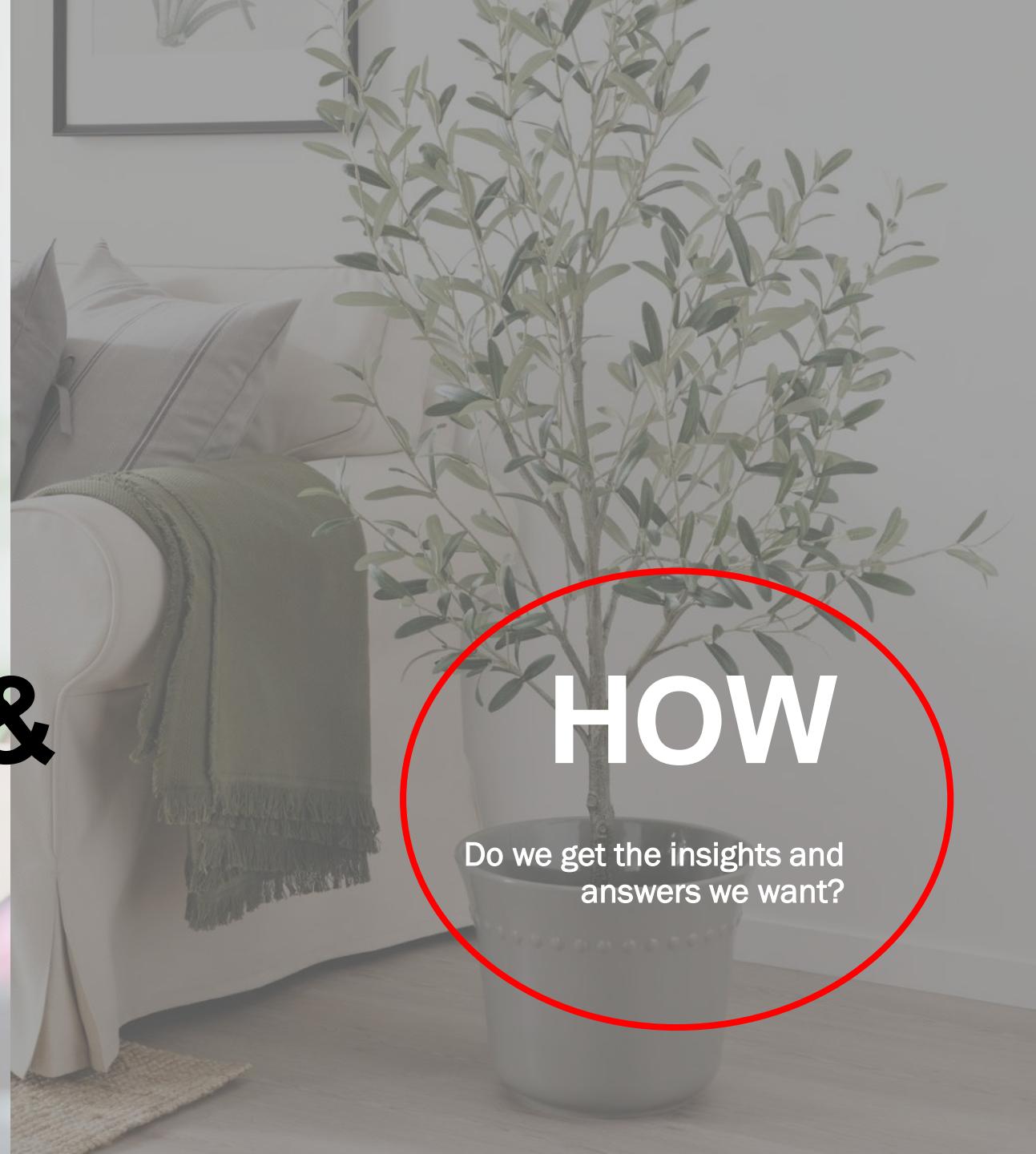
What range should we have in a store?



WHAT

Strategic questions are we looking at?

&



HOW

Do we get the insights and answers we want?

Analytics as a service

- Rare strategic decisions
- Unique / complex strategic decisions
- “Stable” data / situation
- Need expert knowledge



Analytics as a product

- For more common decisions (can still be strategic)
- Easier to distribute accountability in a large company
- Better update frequency possible
- Can be adapted / filtered



Data & Analytics Strategy

- How can we become better at the two above? (and other things...)
- Focus areas / Directions etc





Movement towards relevance on all markets



Want a unique
leading home
furnishing offer

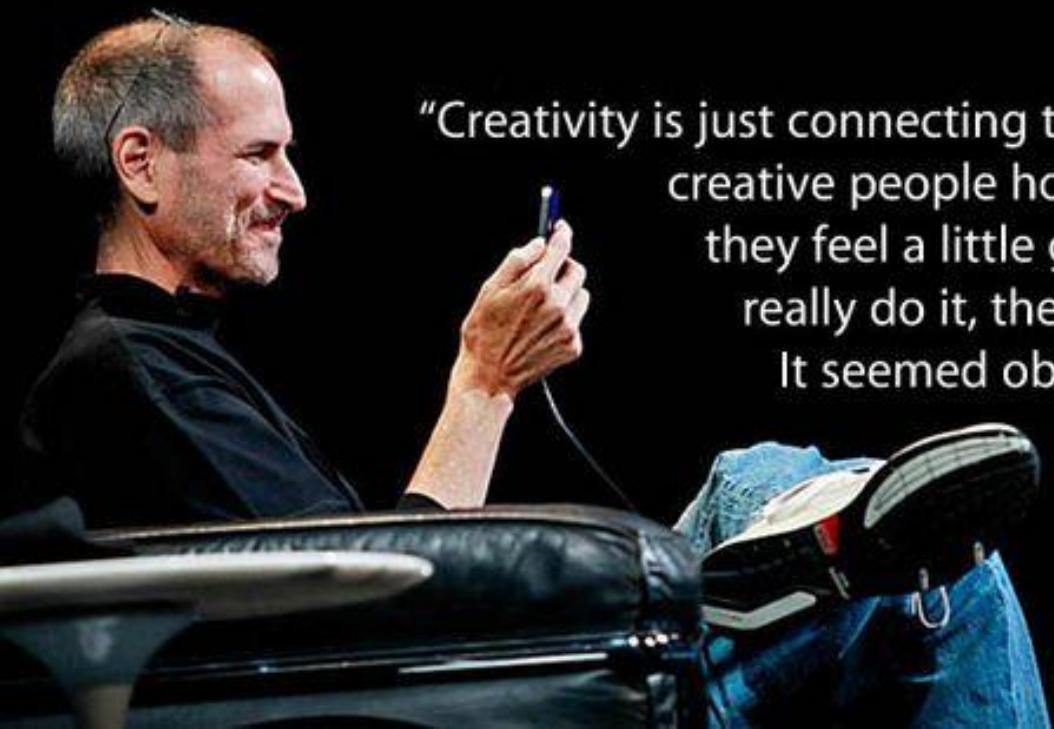
Performance
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Need a relevant
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Analytics and
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Strategy & Range Development is a creative process - how can Advanced Analytics support?



"Creativity is just connecting things. When you ask creative people how they did something, they feel a little guilty because they didn't really do it, they just saw something. It seemed obvious to them after a while."

Creativity is the act of turning new and imaginative ideas into reality.

Creativity is characterized by the ability to perceive the world in new ways, to find hidden patterns, to make connections between seemingly unrelated phenomena, and to generate solutions.

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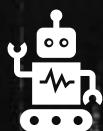
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IKEA of Sweden AB has the assignment to determine and develop the IKEA Product Range



Project Purpose

Support Range & Product development with insights and trends to develop a relevant range

Understanding what is relevant & how to be competitive





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Conducting strategy review & development “bottoms-up” – using analytics

What do **customers** actually want from us?

What are the **commonalities and differences** between countries?



What should our customers meet at IKEA? Ranking articles as a base for major decisions

Is our global range strategy valid throughout the world?

Test & Experiment with different ways to distribute the Range among the Home furnishing businesses, thinking of margins, profit and quantities



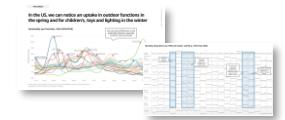
E-com
Focusing on differences on HFB-level between countries



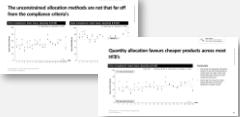
E-com 2.0
Comparing allocations based on E-com and non E-com sales data



Seasonality
Are there seasonal patterns in functions making it reasonable with more seasonal allocations?



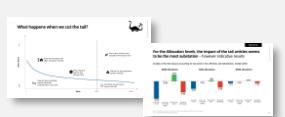
Price&Style
How relevant is our price and style strategy based on this analysis?



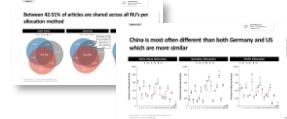
Preference Clusters
Which countries are similar in terms of preferences?



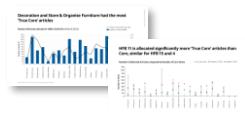
Long-Tail Analysis
Holistic analysis of "cutting the tail"



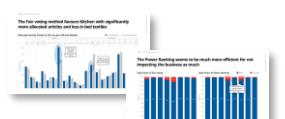
Similarity analysis
VENN-analysis on how many articles are in all allocations in all RU:s



True Core Analysis
Which articles are commercial relevant globally?



Global Development Frame
How can we limit our global total development frame?

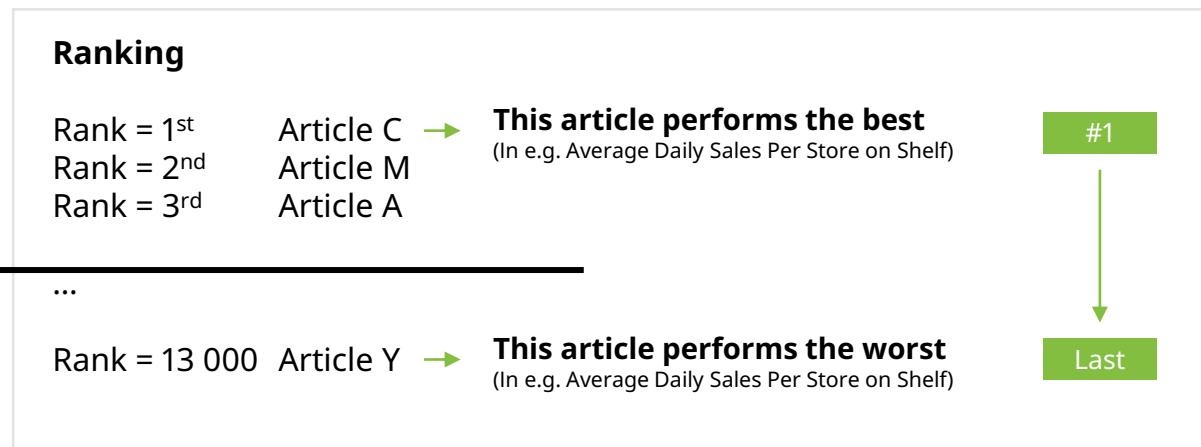


What is the method for allocating articles?

The Sales Values, Gross Profit and Quantity is **ranked between all available articles** in an RU based on:

"Average Daily Performance per Store on shelf"

→ This allows comparison between articles no matter availability issues, no. of stores sold in, start- and end sales date etc.





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How can we compare and analyse growth & contribution?



Which items/families are at the end of their Lifecycle?



How can we take decisions from a holistic perspective?

A tool to support decisions to:
**Add,
Improve or
Remove
parts of the Range**



What items/families are similar & possibly overlapping?



Where in our range can we see likely high value gaps?



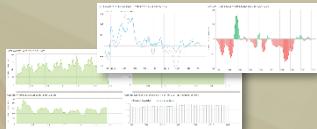
Where do we see suspected cannibalization?

Range Lifecycles



Which parts of the range are growing the most and which are contributing the most?

Family Analysis



Should we continue to invest in a particular family?

Scorecards

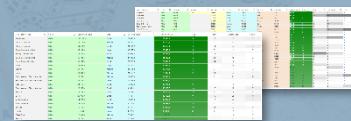


In which areas does a family/product need to improve to stay in the range?

Overlaps



Gaps



In what functions do we have overlapping families/items that could be differentiated?

Are there any high value gaps that could be targeted?

Cannibalization



Which families are too similar and could be differentiated or joined?



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Data Strategy



**There can only be true
data driven value for the
many people when....**

**...People are encouraged,
rewarded and engaged to
use data in their everyday life**

**...Data, insights and actionable
suggestions are delivered at the
right time, channel and format**

**BRINGING PEOPLE
TO DATA**

**BRINGING DATA
TO PEOPLE**

Where to play
(impact)

How to win
(together)

DATA DRIVEN VALUE CREATION



EXCITED
CUSTOMERS



HAPPY
CO-WORKERS



GROWING
COMPANY



HEALTHY
PLANET

PEOPLE-POWERED

Bringing people to data

DIGITAL
ETHICS &
RESPONSIBLE
AI

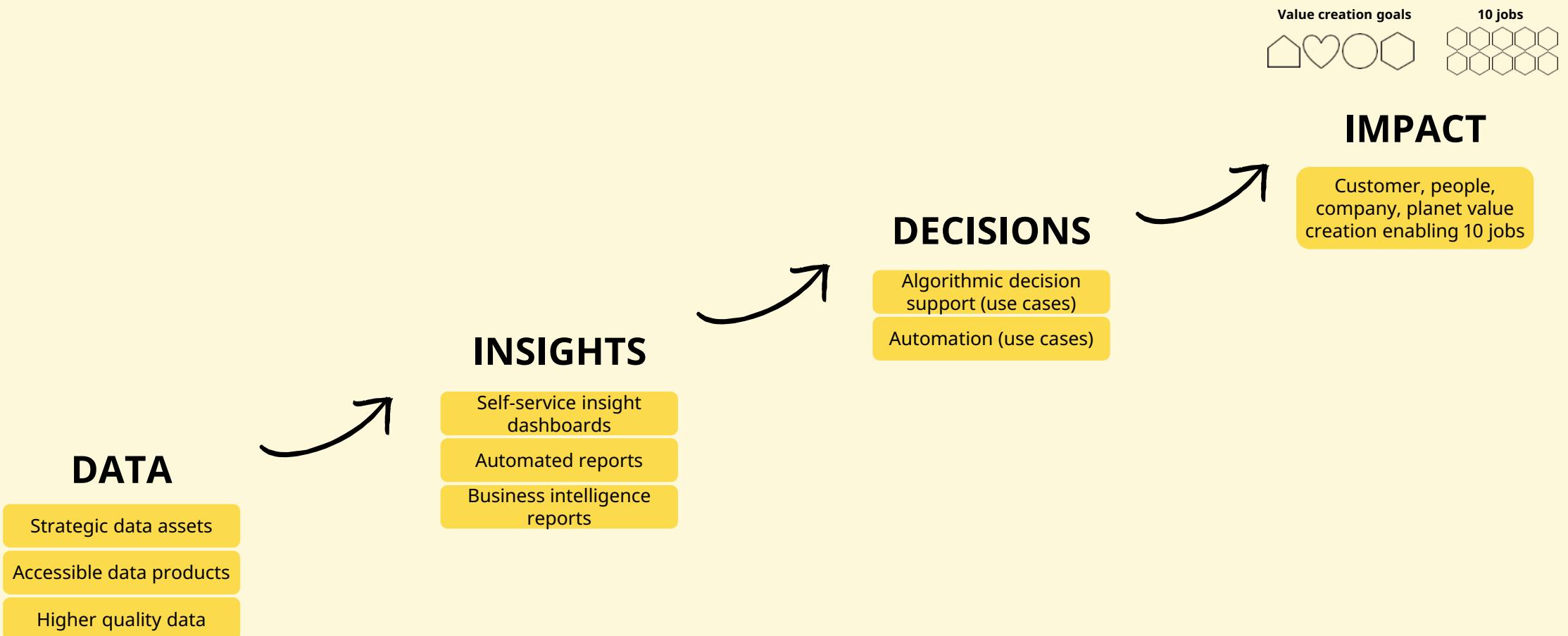
DATA-DRIVEN

Bringing data to people

BUILD STANDARDISED, QUALITY DATA

IKEA CULTURE AND VALUES

The data strategy will enable outcomes at all levels providing better data, enabling co-workers to gain better insights and decision support





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Questions – Thoughts - Career advice - Tips and tricks

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Thanks!

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