



CBS Case Competition - Open 2021

Presented for:
IKEA

Presented by:
DIGI NOMADS

Executive Summary – The furniture industry presents opportunities in circularity that can be leveraged by effectively integrating consumers in the journey

Issues

IKEA consumers, who are **price-sensitive**, do not associate sustainability with **convenience**

IKEA consumers can be discouraged if sustainable consumption is not backed up by **visible impacts**

There is a barrier and **lack of information** among consumers

Question

How can Ikea utilize both new and existing circular initiatives in **retail operations** to make **sustainable** choices **easier & more convenient for customers**?

Strategy

ProPa : Sustainable Innovation through PROmotion of digitalized product solutions, while forming PARTnerships to secure a circular future.

Impact

29,4%
Reduction of customer-induced transportation carbon footprint

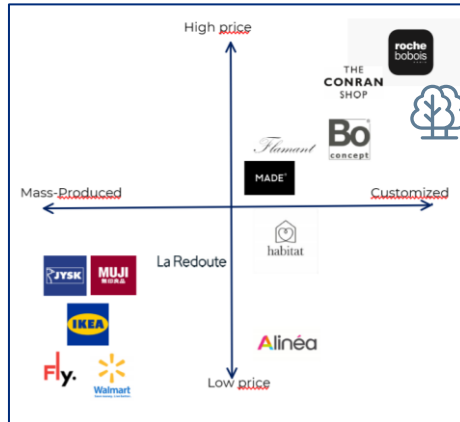
Strengthening
Buy-back and leasing initiatives

Promoting
Sustainable products in product catalog

Source : Case material

IKEA is a leader retailer and remains at the forefront of sustainability

A growing and competitive industry



Furniture industry trends



01 Environmental awareness
guides corporate strategic choices and consumer's purchasing decision



02 E-commerce
shift in online purchasing due to convenience, leading to growth of several direct-to-consumer furniture companies



03 AI and Big Data
leads to a blended, omnichannel and personalized customer-experience



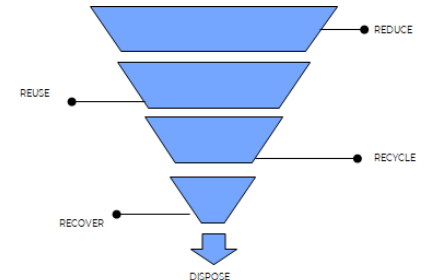
04 Covid 19
increased time spent at home translated into increased need for a convenient and versatile home furniture.

IKEA is continuously at the forefront of sustainability

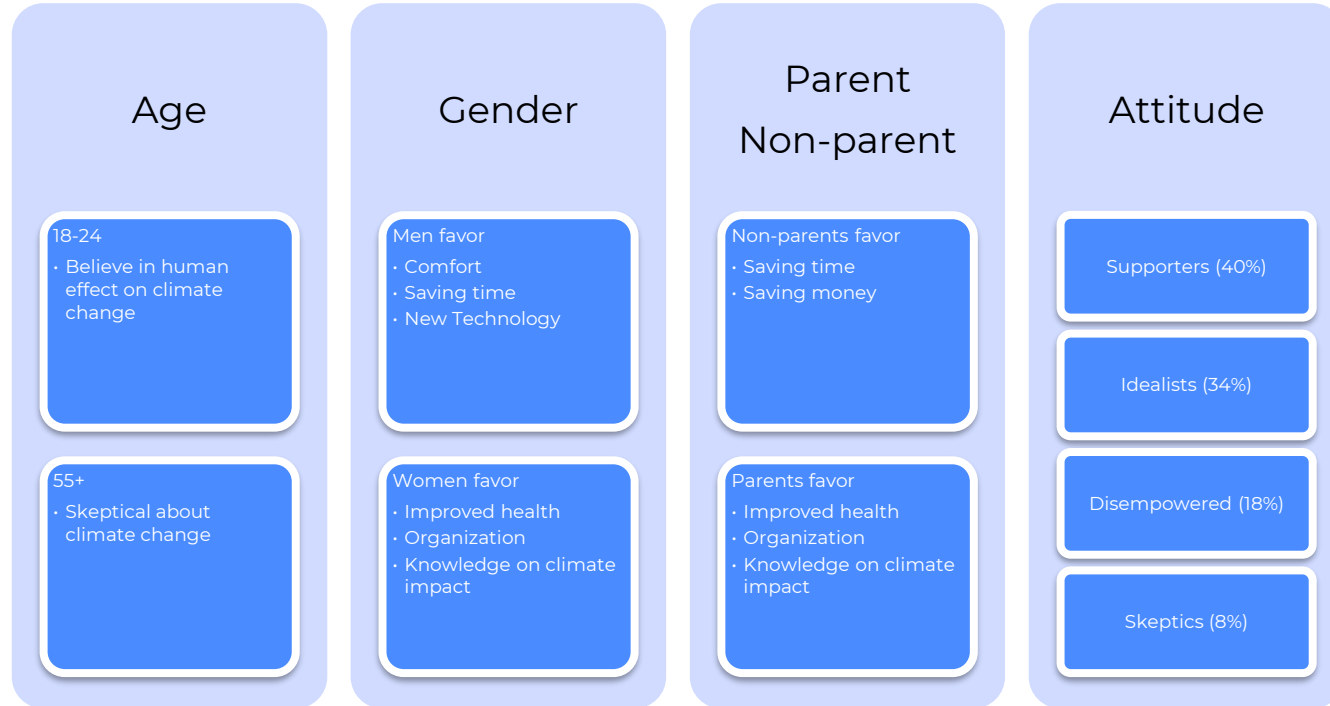
Become planet positive by 2030

Make sustainable living an easy option

Lead responsible resources management



IKEA serves customer segments with varying sustainability orientation



IKEA needs both circular economy and profitable business. They must focus on customer and climate pains.



Source : <https://www.statista.com/statistics/241828/number-of-visits-to-ikea-stores-worldwide/#:~:text=This%20statistic%20depicts%20the%20number,one%20billion%20visits%20of%202019.>

ProPa(1): Promote sustainability by easing access to IKEA product - Key Implémentation

A. Tailoring customer experience

- Augmented reality is the future and currently, the IKEA Place app will be possible to enhance the customer experience.
- It evident that people return the products if they didn't like them after receiving them or miscalculated the dimensions.
- Having a Buy option in this app will help people to have convenient shopping from sitting at home. It can increase the market reach in emerging countries where not all the cities have an IKEA store.
- With this app, people can Buy best-fit products from their home and decline the possibility of returning the product

B. Increase transparency on product information

- Display a 'sustainability' tag on IKEA catalogue online.
- Since customers are willing to choose more sustainable products it will be a clear a identification for sustainable products.

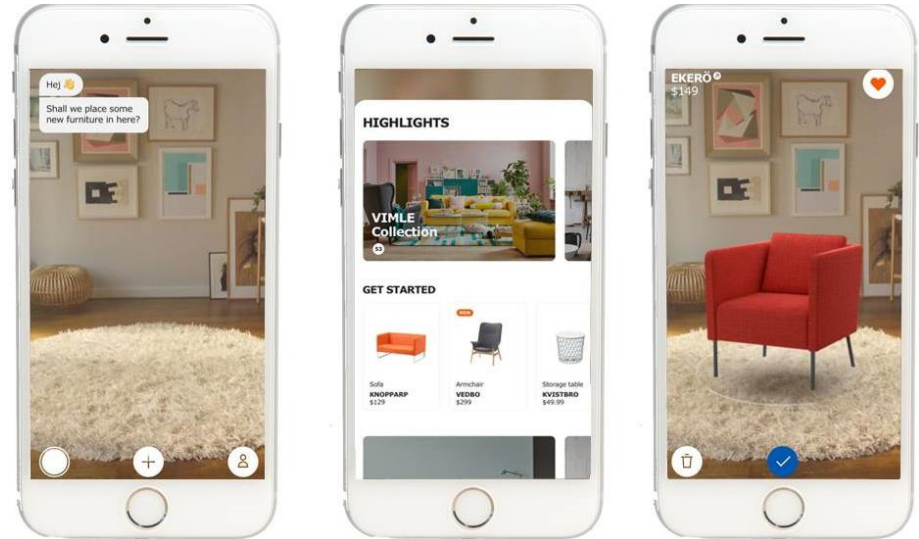
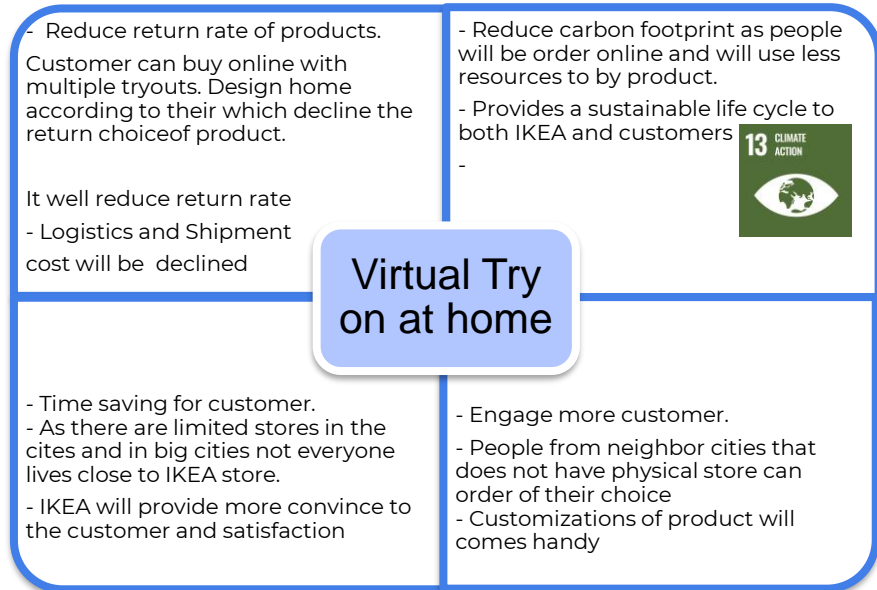
C. Gamify circular initiatives

- Green points translated into discounts for IKEA products & services and can be leverage the circular initiative.
- These incentives will be given based on a customer who buys more recycled products, which results in customer retention and encourage them to buy more sustainable products.

i.e. After 150pt earned, 5% on all items

A. Tailor customer experience

- Rolling out the 'IKEA place' app that has an augmented reality platform, interpreting users' existing homes to restructure and design based on their choice of product. Users can try out different products in their homes with real-time representation.
- By adding a feature to buy products with the app will boost the growth in online sale even after getting back to normal life after COVID -19.



Source:ikea.com/at

B. Increase transparency on product information that facilitate purchasing decision-making

Products that are responsibly sourced, made from recycled materials, low material, as well as completely recyclable should be notified in the shopping website and. App with a 'sustainable' tag Doing so fills the gap of information assymetry and provides consumers with enough tools to purchase consciously.



FRIHETEN

Hjørnesovesofa med opbevaring

2.499.-

Flere varianter



ECO-FRIENDLY

SÖDERHAMN

4-pers. sofa

5.299.-

Flere varianter

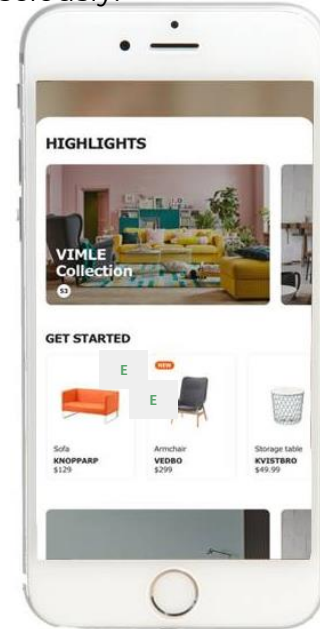


LANDSKRONA

3-pers. sofa

3.999.-

Flere varianter



c. Implement a gamification strategy as incentive for green consumption and disposal

Further incentivizes app users to cumulate Green Points through responsible consumption, measuring **tangible and direct impact** a consumer is having on the environment

ENVIRONMENTAL AWARENESS THROUGH GAMIFICATION

The application will incentivize consumers to jump in the Buy-Back programs, lease furniture and better use its current IKEA appliances in order to reduce their footprint.

Consumers' account is directly linked to the app. Once a circular initiative is done, Green Points are awarded to the profile

Consumers can compare their points with the rest of the community.

A certain amount of point can be converted to a one-time discount **only** on other sustainable products.

ACTIONS THAT AWARD GREEN POINTS:

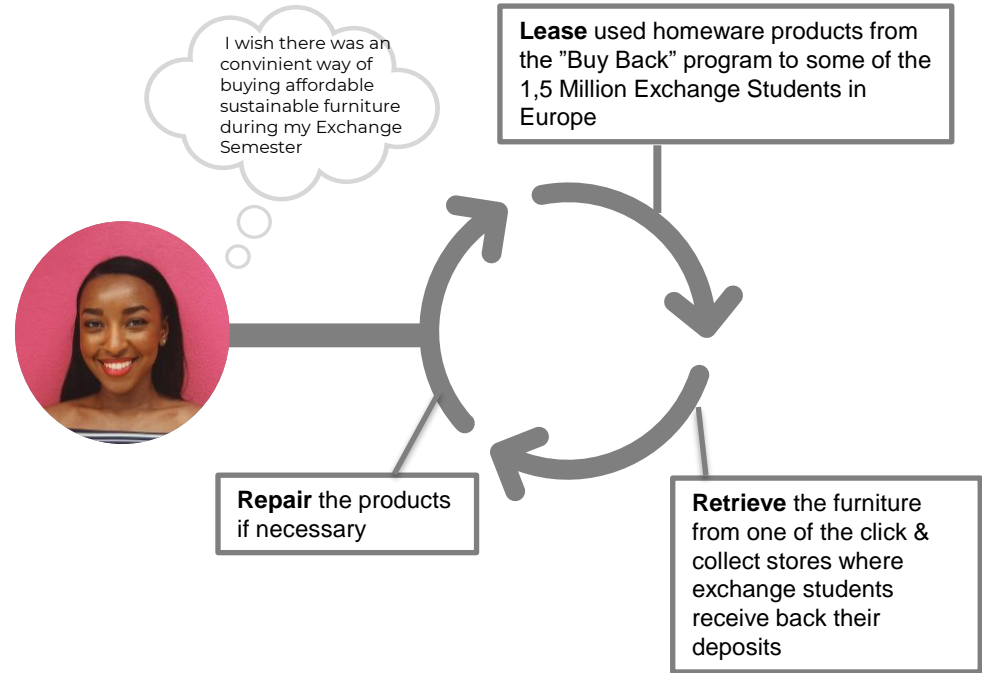
- Buying sustainable products
- Getting furniture upholstered
- Using Buy-Back
- Smaller non-purchasing activities such as not using single-use plastic

ProPa (2): Partner with organizations to stimulate circularity programs



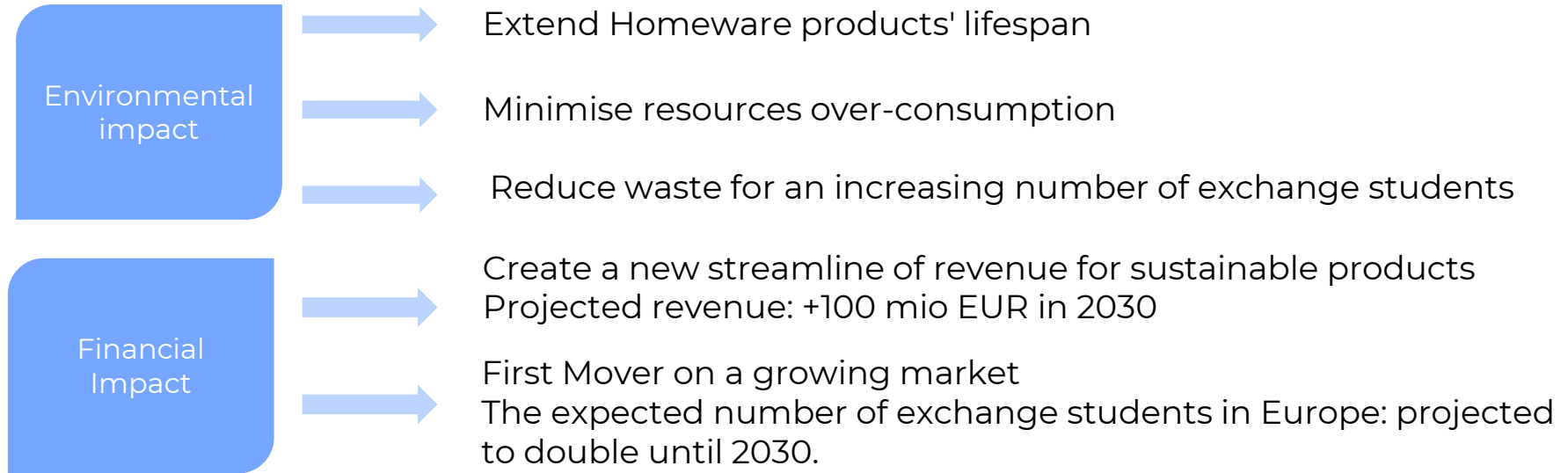
Partner for leasing

Collaborate with the ERASMUS student network to assist Exchange Students with leased Furniture during their exchange period



Source :

Strategic Partnerships to stimulate circularity programs



IKEA can take ownership by implementing a state of the art product eco-system that supports the local community and reduces the environmental impact, while preserving scarce resources.

Source :

SDG Focus



Key Impact Areas



Innovative affordable Design

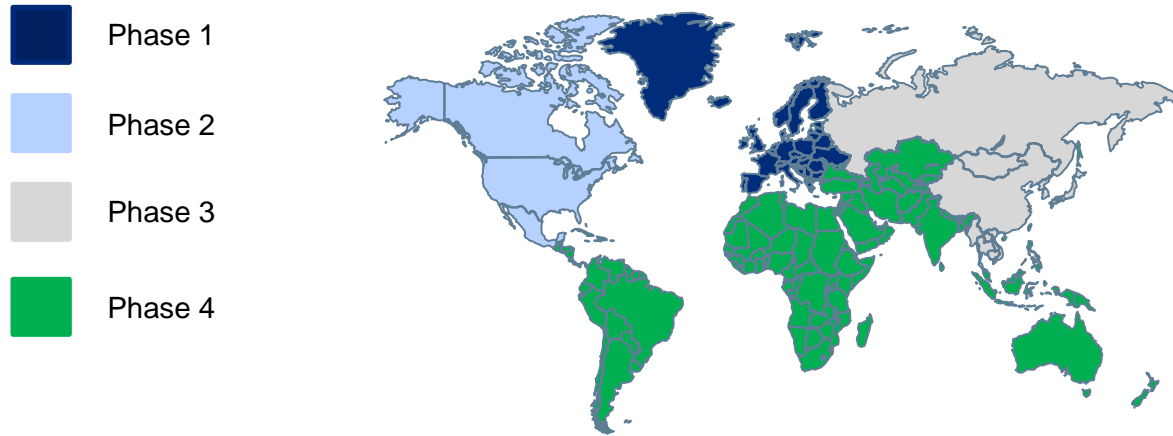


Creating positive social impact for everyone across the value chain

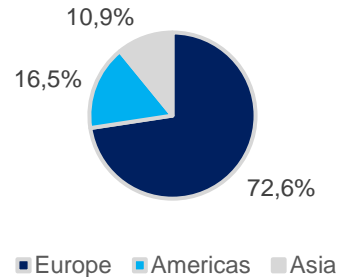


Becoming Climate Positive by 2030

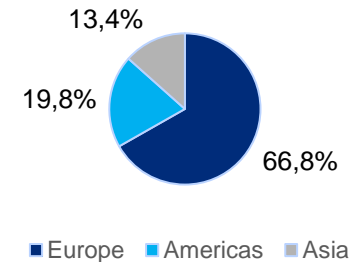
Geographical Implementation Focus of the ProPa Strategy



IKEA Sales divided by Region 2020

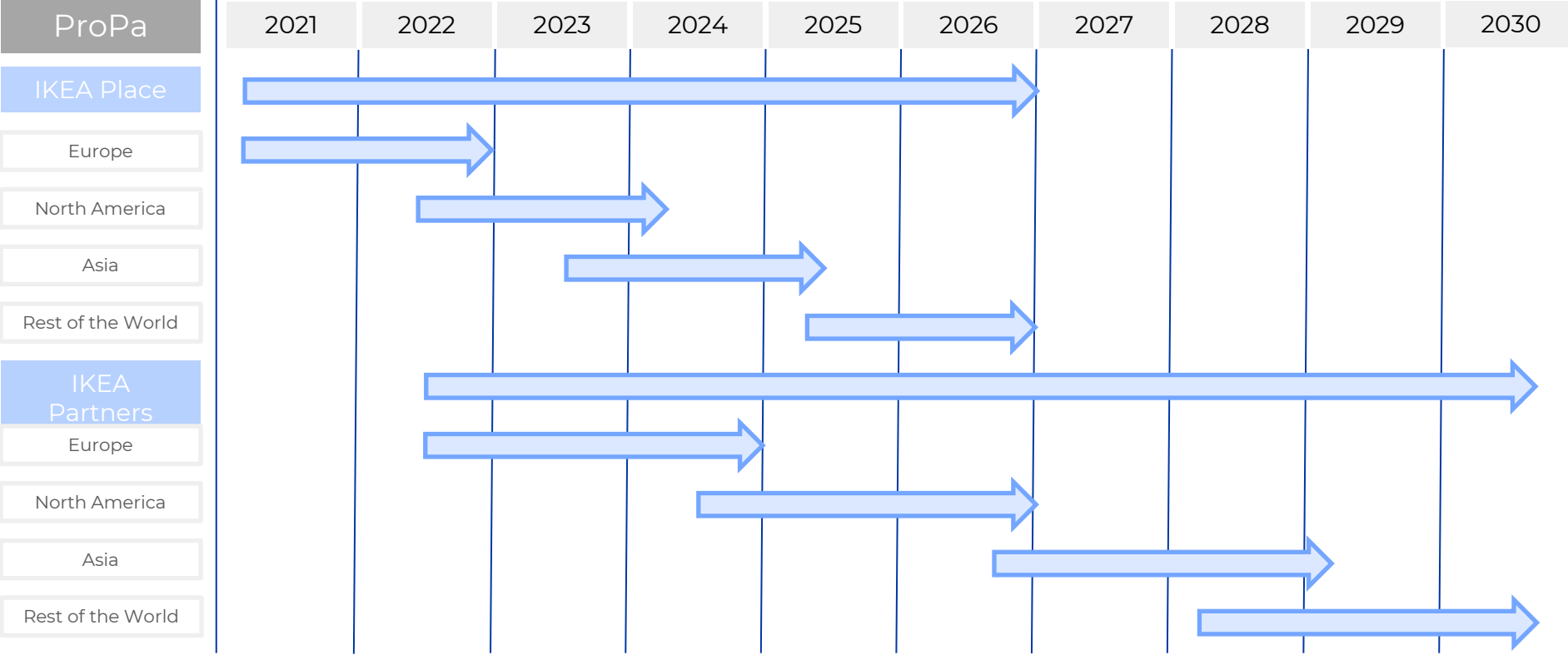


Forecasted IKEA Sales divided by Region 2030



Source :

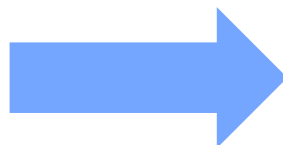
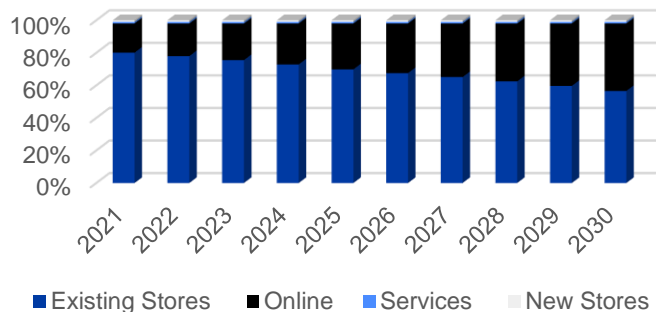
The implementation of ProPa through a 10-year plan



Sourc :

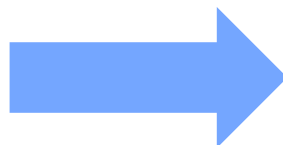
Impact of the ProPa Strategy

Forecasted Sales per Segment



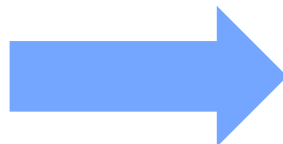
1

Reduce the share of customer-induced transportation carbon footprint by 29,4% over a 10 year period by shifting sales from Stores to Online



2

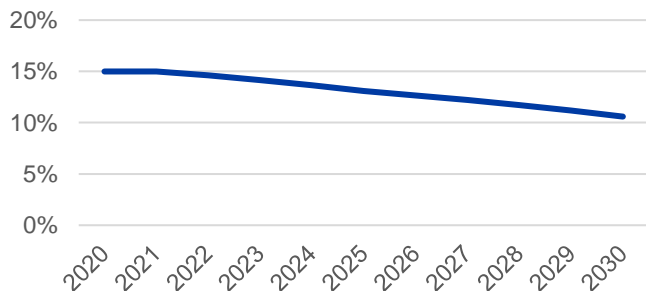
Provides customer with an convenient decision-making tool, which incentivizes the purchase of sustainable products.



3

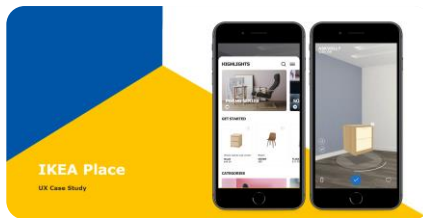
Creates long-term strategic partnerships that utilizes the usage of sustainable initiatives such as "Leasing", "Buy-Back" and "Repair".

Customer Transportation % share of IKEA's Carbon Footprint



ProPa: Promote and Partner Sustainable & Profitable

Ikea Place



Reduce return rate

Get store experience from home

Discount for sustainable products

Partnership



Eliminate waste

Help temporary residents

Transparency



Increase awareness

Reduce carbon footprint

