



IKEA URBAN EXPANSION PROJECT

Bringing products to people:
Creating urban workspace cafés
retrofitted with IKEA products,
allowing for green mobility

EXECUTIVE SUMMARY



PROBLEM

Our research and surveys confirm that reaching a suburban IKEA warehouse is inconvenient to people living in metropolitan areas because this model relies on car ownership, wastes valuable consumer time, and has high delivery costs. This inaccessibility hinders IKEA's ability to capture its full market potential – as it isn't fully monetizing the urban demographic.

Myth Debunked: E-commerce doesn't solve this distance problem completely because 71% of IKEA customers are more likely to purchase a product if they experience it firsthand.



SOLUTION

Our solution is to begin IKEA's urban expansion by creating IKEA café workspaces in metropolitan areas.

These centers would be thoughtfully furnished with IKEA products, but they wouldn't be advertised as stores, but as cafés and co-working spaces. So, the coffee table someone is using to work in the café may be the one they ultimately buy.

IKEA's cafés would house the 20% most popular products, personalized to that city, serving as a micro-fulfilment center.

At the end of the day, products bought during the day would be delivered using a self-driving AFV.



OUTCOME

Integrating IKEA products into public co-working cafés would save time for the busy consumer. They can eat and work and shop—all at the same time.

Consumers are more likely to use micro-mobility to get to and from the urban café, located in the heart of cities, decreasing dependence on cars.

Delivery must happen (nobody can carry a bed home!)—but it can be green if we use alternative fuel vehicles, and affordable if the transport is self-driving by eliminating the need for a human driver.

THE PROBLEM



IKEA's current warehouse locations are mostly in suburban areas.

This limits IKEA's customer purview and causes consumers to visit more infrequently due to the current system's limited accessibility.

It's ultimately critical for IKEA to expand their marketed demographic, as 68% of the world population is projected to be living in urban areas in 2050, almost double the number in 1970.



Carbon emissions from travel and delivery.

It's notoriously difficult for people in an urban setting to bring their furniture back home with them.

This either results in multiple trips back and forth from the IKEA warehouse, or an increase in online orders. Sadly, 40% of global carbon emissions is a resultant of shipping practices.



Time = Money

As the world changes to be more and more convenient, people's time and attention will be the most precious resource.

Currently, purchasing from IKEA is seen as a lengthy process.

In the future, IKEA will come to customers.

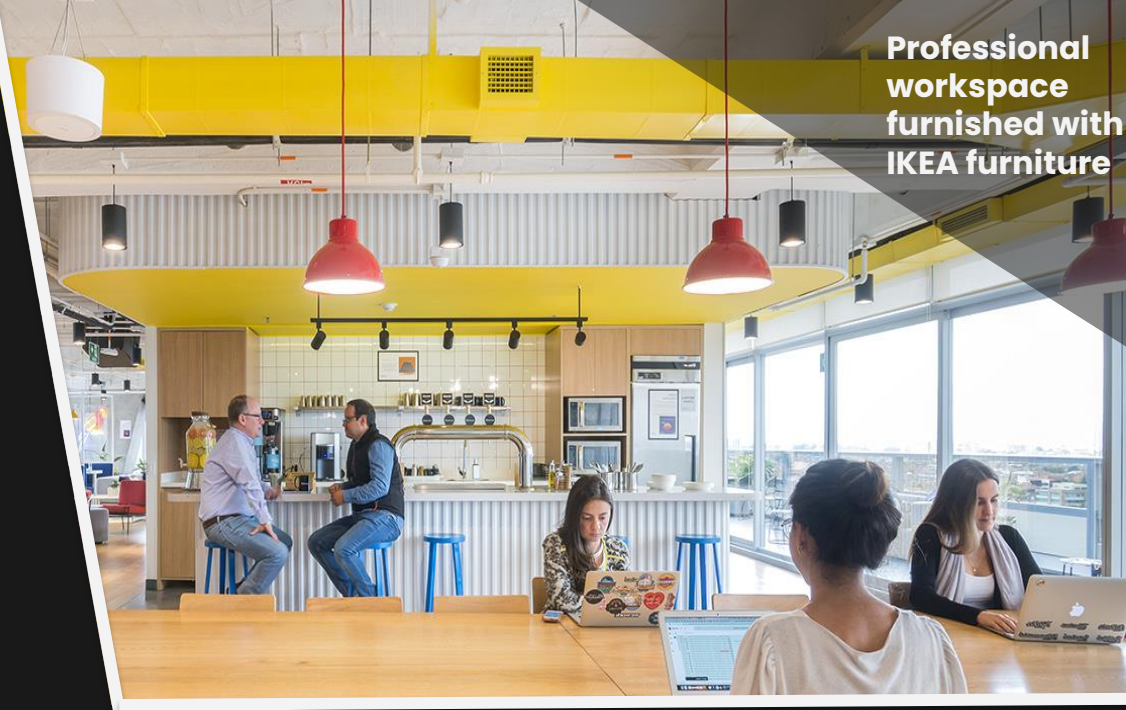
The Solution

We plan to design workspaces showcasing different furniture designs and environments using IKEA products.

The workspace will be connected with an IKEA Café-selling popular IKEA snacks that draw many to traditional IKEA warehouses.

IKEA will partner with an established workspace management company to asynchronously delegate workspace management to the "experts".

Through this initiative, IKEA will own valuable real estate in center cities that appreciate value over time.



Professional
workspace
furnished with
IKEA furniture

Order on the spot

While using the workspace, if a customer sees an IKEA product that they like and want to purchase, they can easily scan and buy on the spot.

The workspace is connected to a "micro-fulfillment center" which will be constantly be stocked with the top 20% of IKEA items by total sales.

IKEA Café

Food is Culture, History, Soul

With its world-renowned meatballs, snacks, and more, many customers are a fan of IKEA's food (such as their meatballs).

Food is central to the IKEA tradition throughout history, the culture of unity, the feeling of family.

The IKEA Café rebrands the company, presenting family-friendly vibes, sustainably-sourced food. Furthermore, it pairs shopping with a useful activity: working and eating. So customers may come for the food, but will end up experiencing beautiful wood, wall decorations, and decide to buy.

Our values: Nurturing the company-customer relationship.



Going green-er.

Micro-fulfillment café-center.

The café can double as a micro-fulfillment center, paving the way for a “green-delivery” option when ordering online. With 40% of the world’s carbon emissions a result of modern-day shipping practices, door-to-door delivery must be reduced.

With green-delivery, the purchased item will be delivered to the nearest IKEA-café/micro-fulfillment center, from where the customer may come to receive the item, if the product is small. To incentivize this process, customers will receive a percentage of IKEA Rewards Points based on the amount of the purchase.

Known as the Certificate of Entitlement, Singapore installed quotas of new cars that can be added each month to the roads to discourage personal cars. Cities around the world will follow. Governments and future IKEA customers are moving towards micro-mobility in urban areas. This is built into our model of picking up small, compact furniture. Emissions fall.





A Helping Hand

Self-driving car to take your furniture home.

Accenture mobility insights predicts that the early autonomous era will begin in 2030. IKEA can capitalize on this tech, be ahead of the curve.

For customers with large, bulky furniture, IKEA cafés will have a few EV self-driving cars on-site to transport the customers' items to their home at the end of the work-day, optimizing for the most efficient route, instead of spaced, fuel-wasteful deliveries throughout the day.

Although most customers prefer self-service, thanks to IKEA culture, we will offer the option to call for an IKEA staff member to assist in product unloading and assembly at the customer's house. Building systems for people with disabilities would increase access—and market share. Many such are unsatisfied with tedious experiences in large IKEA warehouses.

IKEA customers will be able to schedule an EV vehicle beforehand to ensure no delay on arrival.

Pricing and IKEA Rewards Points

Costs and Membership for using the co-working space

To enter the space, we suggest a membership fee after a 2-week free trial.

Membership Fees would be \$35 for students and \$40 for adults.

Conference room/private areas within the workspace would be an additional fee charged by the hour.

In the day and age of e-commerce and digital wallets, convenient purchasing is essential to customers. To purchase an IKEA product, customers may simply scan the **QR code on it**, which will quickly and conveniently charge their **IKRP account**.



IKEA Reward Points (IKRP)

By implementing an IKEA reward point system, customers would get a percentage of reward points based on their purchases. IKRP may be applied to future purchases, both online and in-person, for discounts.

Should a customer choose green-delivery as their preferred method of shipping, they would receive extra IKRP on their purchase.

Why A Café Workspace?

We surveyed IKEA customers.
Here are our results.

56.0%

Of customers reported
the nearest IKEA being
25+ minutes away.

92.6%

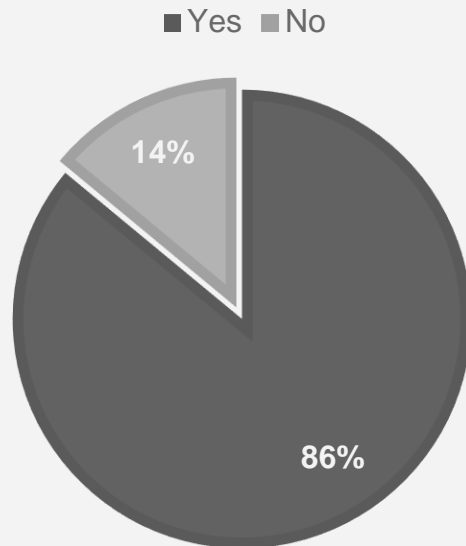
Customers say they prefer
in-person shopping

24.9%

However, only...

Of customers said they
shop at IKEA more than 3
times a year.

**IF THERE WAS AN IKEA CAFE
(WORKSPACE + DINER) NEAR
YOU, WOULD YOU BE
INTERESTED IN GOING THERE?**



IKEA in New York City

An in-depth look into one of the world's most bustling cities.

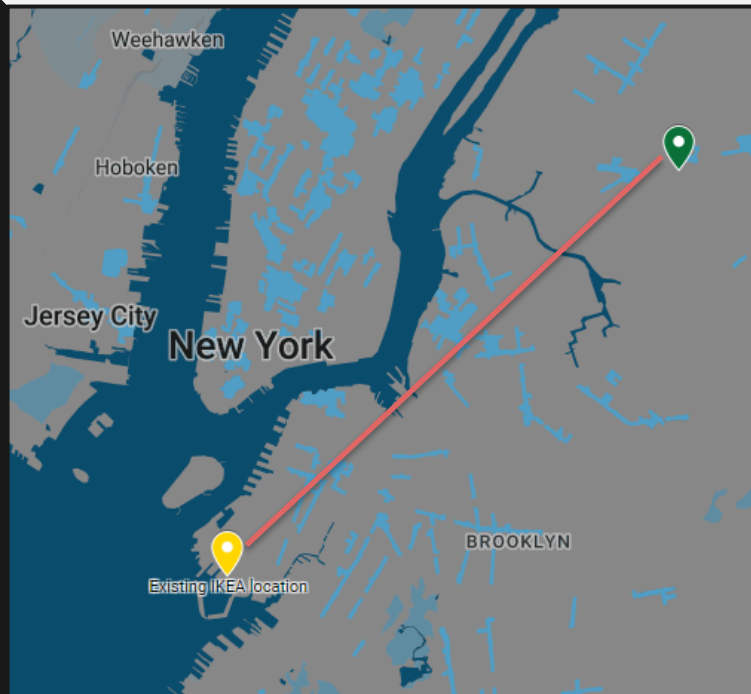


How many cars are there?

45% of households living in New York City have their own vehicles. The rest rely on public transportation and ride-services.

This is 58th West Street – one of New York City's most populated neighborhoods – to its nearest IKEA location.

One of New York City's most populated neighborhoods. During peak rush-time, this route takes **47 minutes** on average by car.



At a time of no rush – the one-way Uber fare is **\$37.30 USD**.

For those who choose to go with their own car? A one-way trip produces a minimum of **3,699 grams** of carbon emissions.

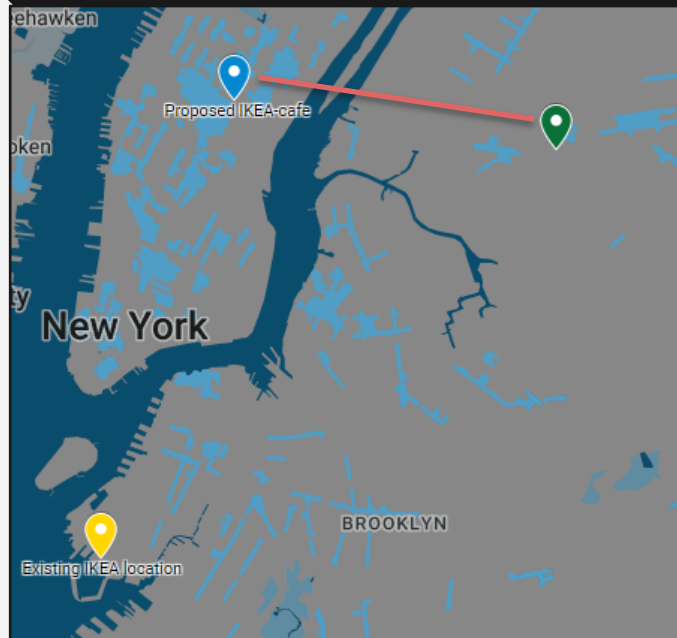
New York City: Revolutionized

Urbanizing the IKEA process, because everyone deserves good furniture.

So, why New York?

Community is accustomed to public workspaces with 7.7 million square feet of property dedicated to workspace solutions.

Demographic ranges from young students to corporate officials.



Located in the heart of New York City, the office space we found for rent at **20 E 40th St, New York** is an optimal space for the first IKEA-Café.

With its centralized location, people who work in the city will find it convenient and easy to take a stop at the IKEA-café for a meal or a productivity session.

To 58th West street, the drive is hardly more than 10 minutes long.

Our financial model

Our step-by-step plan, step by step.

Financial Model for a single café in New York				
4 stages - 12 month runway				
Our idea requires initial investment				
	1st Stage	2nd Stage	3rd Stage	4th Stage
	Acquisition of Property	Furnishings and Staff	Open Store to Public	Take Off
Leasing (\$10000 per café per month)	30,000	20,000	10,000	60,000
On-site café staff (\$18/hour, 10 people)	0	86,400	43,200	259,200
Furniture Assets on Display (assuming purchase and rotation)	0	15,000	15,000	15,000
Management company for co-working space	Heavily depends on contract	Monthly cost	Monthly cost	Monthly cost
Note: We have assumed a scenario with the highest expenses here, since New York has a few of the most expensive zip codes in the world.				

STEP-BY-STEP TIMELINE

**3
Months**

Acquisition of Property

- 1.** Renting out urban spaces
- 2.** Contract with real estate company excelling in co-working space management (ex. WeWork)

Furnishing

- 1.** Order furniture into store
- 2.** Build IKEA products seamlessly into co-working space
- 3.** Create kitchen and hire café staff

**2
Months**

**1
Month**

Open Store to Public

- 1.** Advertise that any item in store is for sale
- 2.** Analyze sales and assess consumer interest in products
- 3.** Revise catalog of furniture in store to suit demographic

**6
Months**

Take Off

- 1.** Test delivery systems
- 2.** Gather feedback from public
- 3.** Discontinue if location isn't right

Testimonies + Potential Improvements

**Kenneth Kwok—
Sustainable Development
Goals Advocate**

"Using this space to launch new collections, like sustainable kitchenware, would perhaps be more successful. Having the workshop be a center for recycling or design would also make it attractive"

**Julie Hansen—Global
Executive Advisor for
Salesforce**

"Maybe it's pop-up events.. special rooms... maybe the experiences shifts around to hotels.. restaurants etc..."

**Jessie Walsh—
Community Member
of Industrious, a local
co-working space in
San Francisco**

"...with the use case you are speaking of, it may be a win-win for Ikea and brand recognition... a partnership with a cafe brand, rather than a workplace brand may make more sense"

Outcome

Accessibility, Affordability, Sustainability

Expanding IKEA's reach

IKEA would be able to reach the urban population even better since most of their warehouses are in sub-urban areas.

Reduce carbon emissions

Using electrical cars for delivery would make IKEA green-er. Urban locations provide a closer distance for customers to go to, allowing many of them to access by foot.

Bringing the store to customers

A workspace-café achieves customer productivity and experience. The experience allows customers to explore the furniture without heavy burden.

Bringing the future to IKEA, by bringing the products to the people.

"The café model is a similar idea to what I've seen in design sessions for the future of the gas station—**of EV charging to be part of a multi-use** facility with warehouse/logistics, cafe or gym." – Julie Hansen

No more large gas stations off of highways.

EV stations of future embedded in our daily locations.

We take inspiration from this.

We are part of a growing trend.

People **don't have time** to go to stores.

Stores must come to people.

Must **integrate** their products in places people go for work, to eat.

#BringProductsToPeople

And now, a note from our team.

Hey there! Thank you so much for this opportunity. We really enjoyed learning about the future of IKEA and how our idea can further IKEA's horizons. From reading and analyzing case studies to researching IKEA's many different furniture lines, we learned so much about IKEA and business solutions over the course of this project. If we ever meet the IKEA team, we hope it's in an IKEA workspace-cafe.



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