



A New Approach to the Urban IKEA Experience

THS x IKEA

Executive Summary

1

The Problem

The Traditional IKEA Model doesn't work in urban environments

Currently, IKEA stores are located away from cities, making its stores unaccessible to those without a means of transportation. Not only does this distance leave 15% of potential customers unengaged ([source](#)), but it also leads to a higher ecological footprint per store.

2

The Opportunity

Giving urban customers going a more immersive and efficient experience

Through the inclusion of digital kiosk technology and the use of the pop up store format, we can create a different type of IKEA store which can be localized within city centers. Without watering down the IKEA product selection, customers can browse freely at the smaller stores and experience all 9,500 products in a more accessible and personalized way.

3

The Results

A small footprint pop-up store that costs less, increasing IKEA's ability to reach city markets while not sacrificing sustainability

NYC is a rapidly growing market and a new IKEA location would allow it to increase its presence in the city. By taking advantage of the pop-up store format, IKEA can test out experimental concepts while spending only a fraction of what other retailers spend for longer-term stores ([source](#)). The financial results could be extremely high, with expected profits of \$500,000 per each week the pop-up is active, and there is potential to save over 20,000 tons of CO2 ([source](#)).





Part One

The Problem

1. Urban Customers are dissatisfied with IKEA Model
2. Discussion of Previous Attempts to Solve This
3. The Value of Expanding to Urban Areas



Damian Matheson is in his early 30s. Being a busu entrepreneur in Toronto, a city with a population of almost 3 million people, he doesn't have time to shop for essential items such as furniture. Saving time is a priority for him, and the current style of IKEA makes travelling to the store and shopping difficult.

Meet Damian.

Damian has previously visited IKEA many times and has been dissatisfied with the experience. He was constantly bothered by the maze-like layout of the store, as it was too time consuming for his on-the-go lifestyle. He constantly has bad experiences with IKEA, one of which was when he was searching for a shelf. After countless hours of searching for just a simple piece of furniture, he found out that the item wasn't in stock. This experience made competitors like Wayfair, a more reliable source for getting furniture for him.

Maybe if the store layout was less confusing and easier to reach, Damian's experience at IKEA would've been more enjoyable. However, at this stage of his life, he valued a balance of both an experience and efficiency, and shopping trips like these made competitors like Wayfair a more convenient and reliable place to shop for furniture.

"I'm not a fan of the maze. I'm generally the type of person who knows why they came to the store, and at IKEA, I always feel like I'm on edge using all my mental energy to make sure I find my item or don't accidentally miss it while shopping. **"That has made it so IKEA isn't my first thought when I need furniture."**

It's clear IKEA stores need to be modified to cater to the needs of those who do not have the time to go through the entire store, and prefer a quick in-and-out.

The Traditional IKEA Model Doesn't Work in Urban Environments



Shopping Efficiency

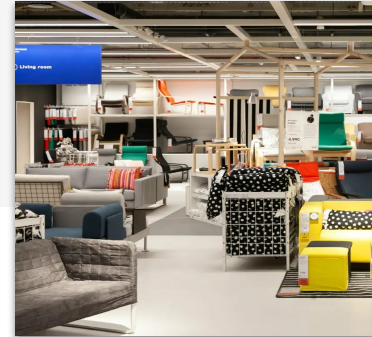
The average IKEA trip lasts 2 ½ hours and is located in the suburbs of a city. Damian, alongside 77% of consumers worldwide, say inefficient customer experiences detract from their quality of life ([source](#)), meaning an efficient IKEA experience would make consumers more happy in urban environments.



Personalization

Customers have grown to expect personalized experiences: a survey of 1,000 US adults by Epsilon and GBH Insights found 80 percent of surveyees want personalization from retailers.

A more personalized experience would've allowed Damian to find products better suited to his style.



Operation Cost

Opening an IKEA location costs upwards of 100 million dollars, with an average cost of 6.2 million to operate every year ([source](#)). High operation costs simply aren't scalable in urban environments, especially in retail districts where rent prices can easily skyrocket in high foot traffic areas.



Why the NYC IKEA Planning Studio Didn't Work.

IKEA has tried to solve these problems in its NYC Planning Studio, open from 2019-2021. This store, however, was immediately flooded with negative reviews. **So why did it fail?**



"The great lack of the store is that you can't touch, feel, and immediately bag and haul items but that you have to go through the "planners" or online ordering from kiosks. **Why come to the IKEA Studio if you can do that at home already?"**

-Anonymous Google Reviewer

1

People believed you can get a similar experience at home.

Many reviews lamented the fact that they would be unable to physically feel the products they were ordering, and compared it to online shopping but with "extra steps".

2

Customer service and store navigation was confusing.

Customers felt as if customer service wasn't present enough to help them navigate through the confusing store layout, and the entire planning studio service was described as "in disarray" and accommodating to an individual's needs.

3

The store didn't allow for unplanned discovery. The main selling point of this studio (the showroom) was described as very limited and basic, and to quote one review, "If you already know what you want, I imagine you're able to order it here. But if you come to IKEA to wander around and get ideas, this would probably be a waste of time."

4

Operating a store in NYC was often more expensive than profitable. In an official statement, IKEA stated they saw lower-than-expected foot traffic, prompting IKEA to reevaluate whether the stores were worth keeping open. In other words, the leasing costs outweighed the profits it could've made.

The Opportunity

People are on the move and need furniture in urban environments and they will flock towards experience-based retail stores to get it.



Today, 55% of the world's population lives in urban areas, a proportion that is expected to increase to 60% by 2030 ([source](#)).

Research has revealed millennials have been moving to cities during the past couple of decades at high rates in comparison to other age groups. This rate is expected to only increase.

That means IKEA's target customers are moving to urban areas at high rates.



84%

Eighty-four percent of customers say the experience a company provides is as important as its products and service ([source](#)).

The top catalysts for getting Gen Z shoppers into stores are store design, distinctive merchandise, displays showing products in use, and having ways to try out products.

It's clear that IKEA's target customers value and consider experiences as important deciding factor for which store to visit.



Part Two

The Solution

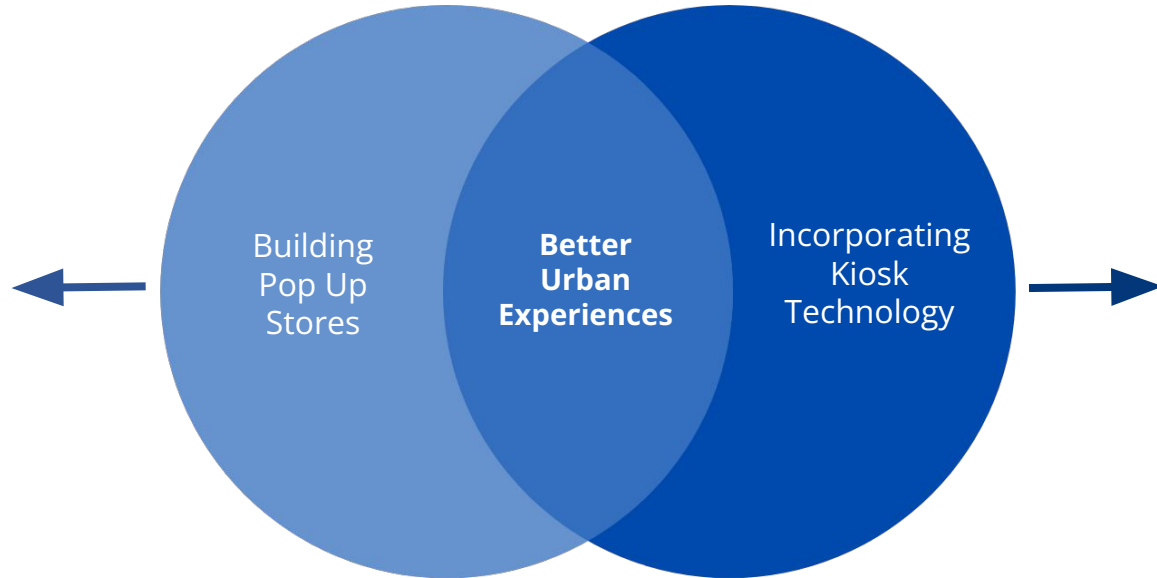
1. Building Experiential Pop-Up Stores
2. Incorporating Kiosk Technologies
3. Location/Technology Recommendations

Our Recommendation

A multifaceted approach to opening accessible IKEA stores successfully in urban environments.

Building Experience-Driven Pop Up Stores

IKEA has previously attempted to minimize the size of their stores and it wasn't well received.. Creating pop-up stores allows for IKEA to experiment and test out what works and doesn't, while also allowing it to increase their presence in urban environments for when they open long-term stores in the future.



Incorporating Kiosk Technology

We are planning to incorporate kiosks with various features into classic brick and mortar stores to enhance the in-store experience. Technologies like endless aisles could be utilized for managing inventory, while texture samples and a design sandbox would allow people to effortlessly envision IKEA products in their own home.

Building Experience-Driven Pop Up Stores

Testing novel store concepts while increasing IKEA's presence in NYC without spending hundreds of millions of dollars.

A Test and Learn Tool

Market research is essential to launching a store in any environment. Especially in a city like NYC, where IKEA has tried and failed to implement a new store format in the past. A pop-up store would serve as a marketing lab for IKEA, allowing them to experiment with new retail strategies and improve with minimum risk. A Pop-Ups' versatile, adaptable and flexible qualities facilitates the store concept's duplication in various urban shopping centres as well as its international development.

A More Cost Effective Model

A pop-up store would be an effective way for IKEA to reduce rising store rents in megacities (it's 80% cheaper than a traditional lease!) ([source](#)) while maintaining their gradual recovery of in-store traffic. IKEA would be able to experiment selling in a physical shop without requiring a turnover commitment or large stock.

An Emphasis on Sustainability

A pop-up shop presents the affordable and convenient option of a temporary offline retail channel that doesn't require carbon emitting vehicles to drive to. Plus, the pop-up demonstrates a natural value alignment for the sustainable business, who can make use of the estimated 10 percent commercial real estate vacancy rate.



Case Study: How **Glossier** utilized Pop-up Stores to **increase customer engagement.**



Widespread Success.

The makeup brand known for its pink packaging and low-key products has earned the brand notoriety on Instagram and among internet influencers. Because the brand's products are only sold online or at their three retail shops, their past pop-ups in locations where they don't have stores have been hugely successful — so successful, in fact, Glossier is opening several permanent brick-and-mortar stores in Seattle, Los Angeles and London. ([source](#))



Increased Conversion Rate.

While the company is an ecommerce-led retailer (80% of pre-pandemic sales came through digital channels), brick-and-mortar is still an important part of Glossier's ecosystem. The retailer's physical locations drew more than 1 million visitors in 2019 with an average conversion rate of 50%. Pop-ups in particular excelled, with an average conversion rate of 60%, with Glossier Seattle reaching more than 70%. ([source](#))



Increased Spending.

Pop-ups have been most successful at boosting visibility, sales, and social media engagement. The most popular results from pop-ups — respondents picked their top three options — were improved market visibility (51%), increased sales (46%), and more social media engagement (46%). Pop-ups also don't have to be expensive — 44% of respondents have opened a pop-up spent less than \$5,000 on it — making it a more viable strategy. ([source](#))

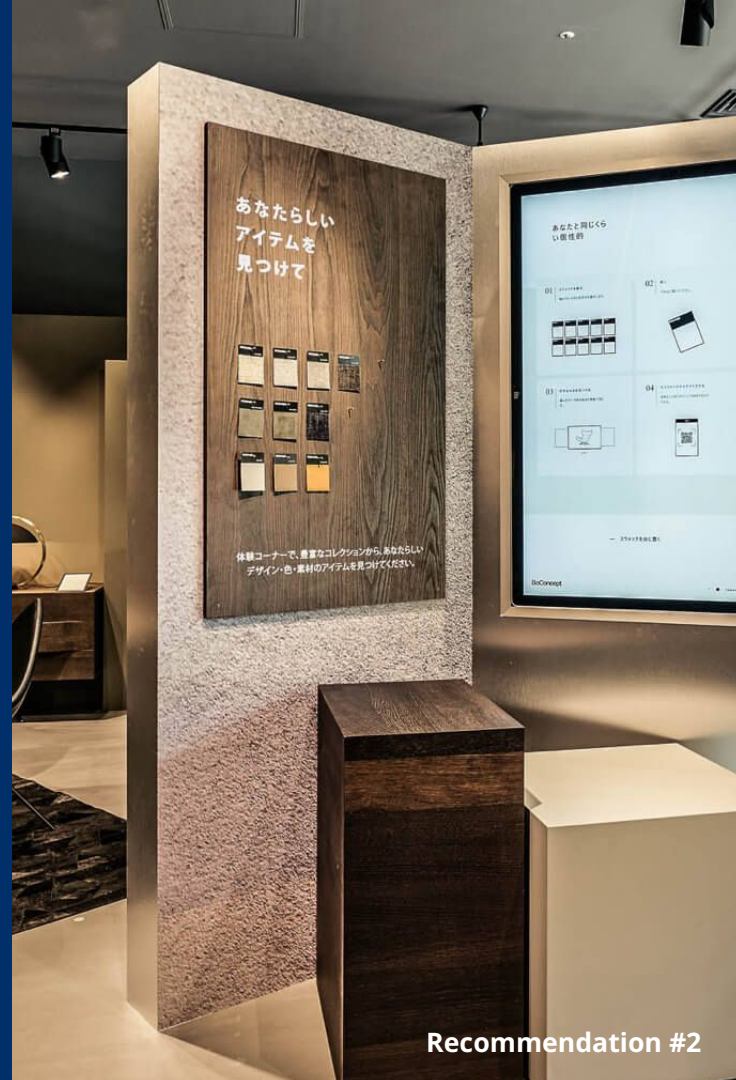
Incorporating Kiosk Technology Pt 1

Showcasing a wider product range through endless aisles.

Endless Aisles

As much as 10% of retail sales are lost due to items not being in stock. When customers come into a store to make a purchase, there's nothing more disappointing than finding out the item isn't there, and displaying all product variations becomes increasingly difficult in a smaller store format. This is the exact same problem Damian had repeatedly when visiting his local IKEA's.

Using the endless aisle system through kiosks, customers will be able to browse through the entire IKEA catalogue. Customers will be able to enjoy the freedom to touch and explore one variation of a certain IKEA product while also being able to view a variety of versions through the Kiosk screen. Items will be displayed as shown on the picture to the right. Customers will be able to view details about the item such as the materials it was made from, its assembly documents, reviews, and pictures of its different possible variations (color and texture), and maybe even a "sustainability score" that rates a product based on how much carbon emissions were emitted when creating it.



Incorporating Kiosk Technology Pt 2

Creating efficient and more immersive digital experiences.

Texture Samples

When the customer browses through the kiosk for the items they're looking for, a display of texture samples will be right next to them. This will allow them to be able to experience how different versions of the product feel. Each item on the kiosk will show which textures are available for it.

Design Sandbox

The Design Sandbox will be very similar to the 3D Design feature on the IKEA website. Each item will be able to be visualized inside of the Design Sandbox, however, customers will also be able to upload a picture of their own home into the sandbox, using the IKEA app. The Design Sandbox will be able to scan the image to enable the ability to move items around and even add IKEA products into the Sandbox.

Personal IKEA Account

Customers will be able to set up and log into their personal IKEA account. On these accounts, they will be able to add items to their virtual shopping cart, pay for those items using a paypal, credit card, apple pay account that is connected to their IKEA account. They will also be able to upload pictures of their rooms to their account that can be toyed with through the Design Sandbox.



Ombori UTC-120GP

Best Overall (Our
Recommendation)



Touch Screen: ✓
No-Code Software: ✓
Sleek, Compact Design: ✓
RFID Reader: *Add-On*
Checkout System: ✓
Barcode Scanner: *Add-On*
Total Size: 21.5"

Total Price Per Unit:
\$1783.12 USD

BIGPOS 2150

Most Technologically
Advanced



Touch Screen: ✓
No-Code Software: ✓
Sleek, Compact Design: ✓
RFID Reader: ✓
Checkout System: ✓
Barcode Scanner: ✓
Total Size: 21.5"

Total Price Per Unit:
\$2090.00 USD

Apex Pedestal

Most Cost Effective



Touch Screen: ✓
No-Code Software: ✗
Sleek, Compact Design: ✓
RFID Reader: ✗
Checkout System: ✓
Barcode Scanner: ✗
Total Size: 19"/20"

Total Price Per Unit:
\$1585.74 USD

Case Study: How **BoConcept** saw huge results when adding kiosks to their **shopping experience**.

BoConcept is a premium retail lifestyle brand originating in Denmark in 1952. At the Tokyo store, customers can use technology to design the furniture they want.



Their Challenge.

The lines between physical and digital retail are becoming increasingly blurred. Online experiences are dominating consumers' physical expectations—and now most brick and mortar retailers understand 'experience' is the key to competing with ecommerce. BoConcept wanted to find ways to incorporate new technologies so they had a chance of competing with online stores.



Their Solution.

BoConcept created an in-store 'experience points' system designed to incorporate new technologies into their new Tokyo store. The '*Pieces As Individual As You*' experience point allows customers to view the brand's entire product range through an endless aisle system on a digital kiosk. They can explore each item on the kiosk and select complementary color tones or accessories; additionally, they can save their selection to a mobile device, allowing BoConcept to market to them directly in the future.



Their Results.

Following the success of the Japan launch, the Store Ekstraordinær format has been launched in Europe and North America, and will continue to repeat the success of BoConcept's retail experience. While the benefit to consumers is obvious, it also helped BoConcept streamline their business processes and increase customer efficiency. It also allows shoppers to self-serve when looking for product information, which reduces the workload on store associates.

Location Options

We've vetted these location in NYC as possible options for the new IKEA pop-up store. The location of the store is critical, so we tried to find neighborhoods with high foot traffic but lower rental costs.



Midtown (Top Choice)

Midtown is one of most population retail districts in all of NYC, and serves as a hub for numerous tourists and brands like Disney, Hershey's and H&M. Customers come here looking for experiences, giving IKEA the perfect potential platform.



Greenwich Village

Greenwich Village is a more community based shopping area, however it is still one of the most popular sites for tourist shopping because of it's fun street performances and wide variety of stores. There are a variety of different affordable pop-up options in this area.



Lower East Side

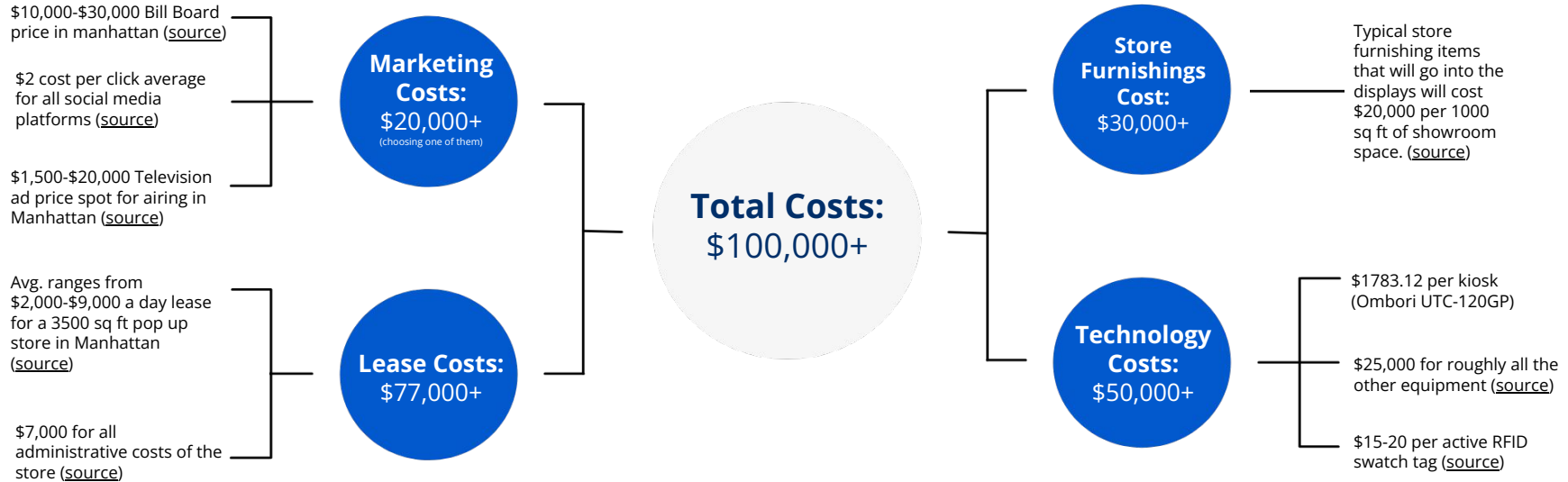
Lower East Side also has a lot of foot traffic when it comes to shopping because of it's attractions such as the Historic Orchard Street Shopping District. Over the past decades it has transformed into one of the trendiest shopping place in NY.



SoHo

Once filled with factories, SoHo is now home to some of the most booming shopping areas in Manhattan. Stores such as H&M, Zara, Hollister, J.Crew and T.J. Max are just some of the few big companies populating the area.

Cost of Executing Each Pop-Up Store



A few notes:

*Price Prediction is for Manhattan in specific

**All prices displayed in USD

***Costs assume the pop up store will be running for 2 weeks, including weekends.

****These are just ballpark measurements. The cost of implementing IKEA pop-up stores are based on the surrounding retail industry as well as individual market prices.

****Technology and furnishing will be able to be reused after the first time setting up the pop up store, thus the minimum price of the store for 2 weeks is around \$100,000



Part Three

The Impact

1. Analysis of Potential Costs
2. Impact Predictions
3. Implementation Steps

The Quantified Impact

Predictions and Statistics Regarding Return-On-Investment

Foot Traffic Conversion Rate (0.005) x Average Foot Traffic in NYC Midtown (1 Million Per Week) x Average Retail Conversion Rate (40%) = **2,000 Customers A Week**

Average Order Value (\$200) x Total Amount of Customers - Total Estimated Cost for store necessities per week (\$50,000)= **\$350,000 in Profits Per Week**

Customers Per Week (2000) x Average Repeat Customer Rate (40%) x Repeat Customer Yearly Order Value (\$362) x Emotionally Connected Consumer Advantage (2x) in a 3 year period = **\$579,200 ROI Over 3 Years**

Total Profit in Three Years Per Week of Running the Pop-Up Store is around \$879,200.

Self-Reported Results of Pop Up Stores for Global Retail Professionals



50%

Increased Social Media Engagement

Lion'esque Group suggests 50% of pop-ups see an average increase of 30% on social media engagement over the lifespan of the pop-up shop.

35%

Increase in Future Retail Sales

Research by pop-up specialists at the Lion'esque Group shows the average pop-up sees a 35% increase in sales from doors open to six months after doors close.

A few notes:

*Profit Calculation Value Sources Expanded on in FAQs



Implementation Plan

A rough timeline of what executing an IKEA pop-up store might look like from start to finish.

1

The first step is to find land in NYC, to open a few pop up stores. [See slide 11](#) for location options. ([website](#))

2

The second step would be to work with retail layout experts to best design the IKEA store to display as much products as possible, while maintaining a homey atmosphere.

3

The third step would be to work with digital kiosk experts, specifically those at the company we buy them from, to customize the software and create smarter kiosk combos.

4

The fourth step would be to start with premarketing. They key is to build up buzz, which can be done through social media advertising and influencer partnerships.

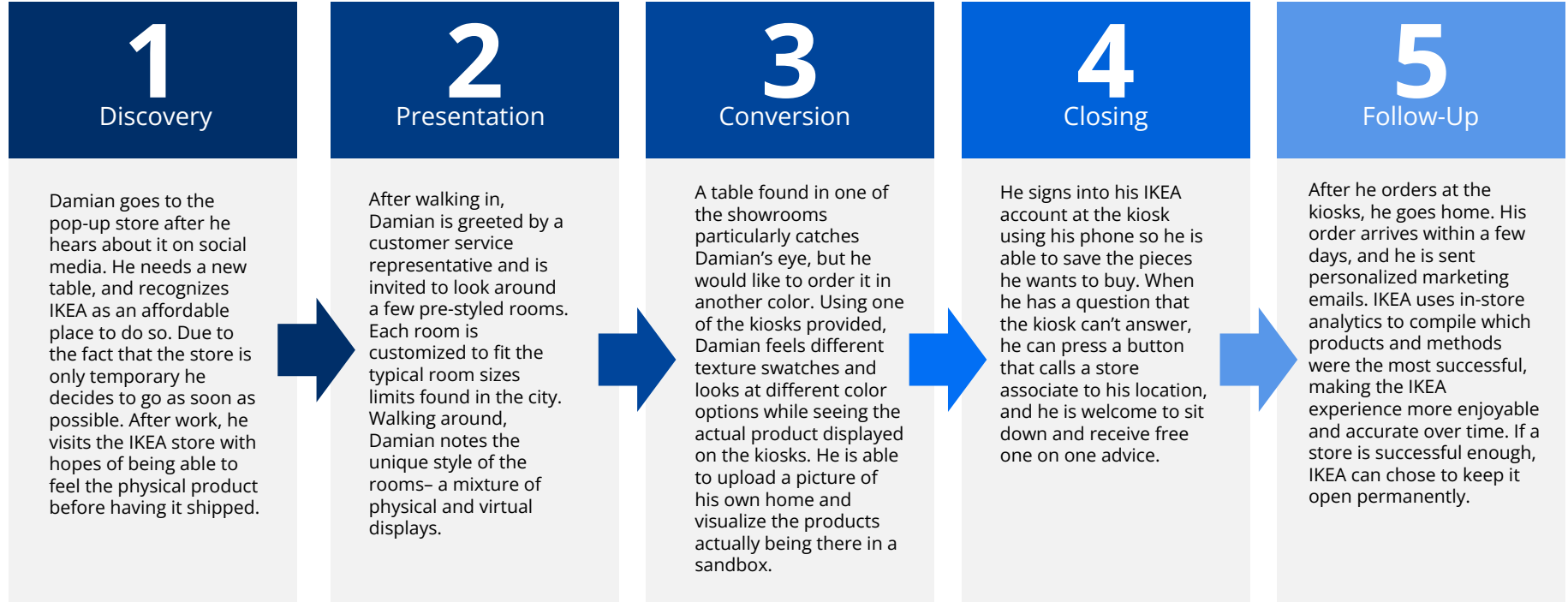
5

The fifth step occurs when running the store. We recommend a period of around 2 weeks to maintain exclusivity, but any time-frame from 1 week to a month works well.

6

The sixth step is the follow-up. IKEA can analyze metrics such as conversion rates, drop off rates, and feedback from the customers themselves to design a better IKEA urban store in the future.

What Would Damian's Experience Look Like Now?



Areas **Where We Can Have** the Most Impact

While we focus on implementing our idea specifically in NYC, where the IKEA Planning Studio previously failed, we have also vetted some other quickly growing urban areas in the United States which would make great settings for this modified IKEA layout.



Los Angeles

Los Angeles is currently growing at a population increase rate of 0.05% annually and its population has increased by 5.09% since the most recent census, which recorded a population of 3,792,621 in 2010.



Denver

The city's population grew about 20% in the last decade, adding about 115,000 new residents to bring the population to 715,000



Houston

New York City has grown by more than 629,000 people — or nearly 8 percent — since 2010, reaching 8.8 million and defying predictions that its population was on the decline.



Miami

Miami's population is grown at a rate of about around 1.08% annually and its population has increased by 21.01% since the most recent census, which recorded a population of 399,457 in 2010





Part Four

Next Steps

1. People to contact next
2. FAQs About Our Solution
3. Thank You From Our Team

People to Contact **Next**



Andreas Hassellöf  

CEO at Ombori

He is the CEO at the digital kiosk company which we recommended as our top choice. He has worked with many brands, including furniture stores and IKEA itself in the past, and would be a great resource for planning exactly how the kiosk technology and it's software would look.



Scott Goodson 

Advertising and social marketing expert

Scott Goodson is the CEO and founder of StrawberryFrog, an advertising and marketing agency founded in Amsterdam in 1999 and NYC in 2005. He has worked with many well-known brands, including Google, Emirates, and Walmart in the past, and he would be helpful in aiding IKEA's marketing effort in urban environments such as NYC



Mohamed Haouache  

CEO At Storefront

Mohamed Haouache is the CEO at Storefront, the leading online marketplace for renting short term retail spaces. Connecting with Mohamed's company would allow IKEA to more easily find higher quality pop-up storefronts for a cheaper price.



Louis Dorado  

VP of Progedi

Louis is the Vice President and Co-Founder of Prodegi, a digital consulting company focused on utilizing store layout designs and innovative new retail technologies in effective ways. Because the IKEA store will have such a small floor space, his company could help IKEA more effectively organize furniture displays alongside the kiosks.



Additional Resources

FAQs About **Our Solution**

What data will be used to know if a pop-up store is successful?

[Answer](#)

Why should this plan be implemented?

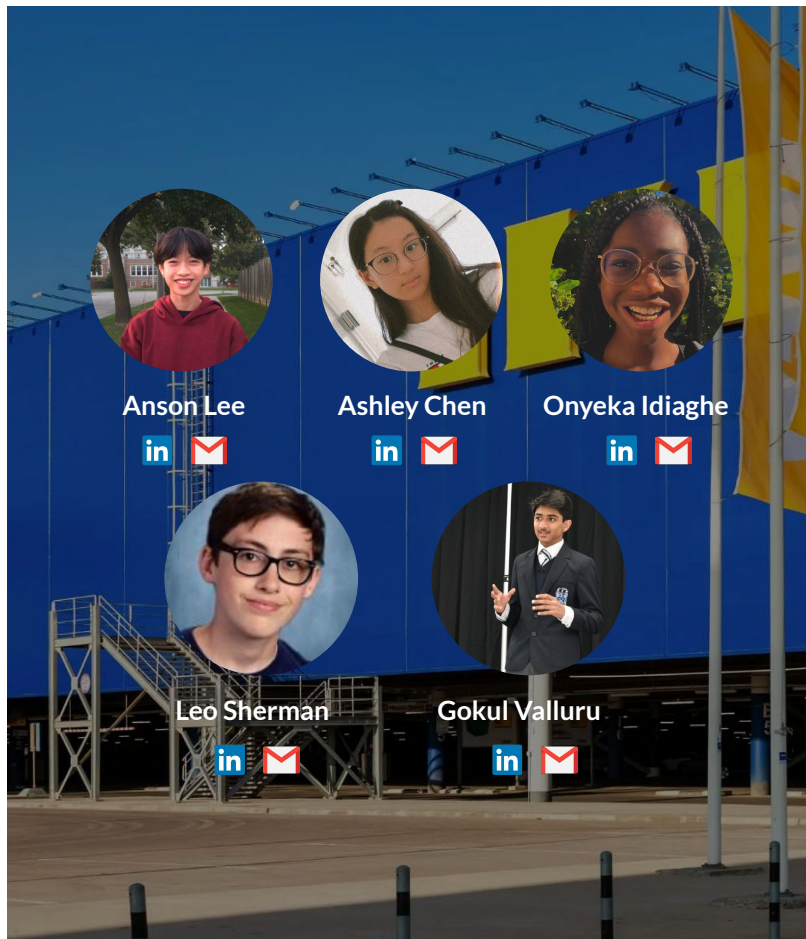
[Answer](#)

Where did you get the numbers and statistics for Slide 19?

[Answer](#)

What data will be used to know if a pop-up store is successful?

[Answer](#)



On A More Personal Note...

We want to **Thank You** for giving us this opportunity to make the IKEA experience more accessible, sustainable, and affordable. As young high-schoolers passionate about creating impact, we were grateful to have an opportunity to work with such an inspiring company and develop some of the solutions we might one day see in the world. We have learned so much along the way, and we will forever be grateful for having such an challenging (but rewarding) month.

We hope that you'll take our plan into consideration, and that we were able to bring some new ideas to the table. If you ever have any questions, feel free to reach out to any of us.

Tack så mycket (thank you),
Anson, Onyeka, Leo, Gokul, Ashley