

IKEA Continues To Achieves Growth In The UK With 3.1% Increase on 2012

Friday 22 November, 2013

IKEA UK today announced its total sales of £1.268 billion for the financial year ending August 31st 2013, an increase of 3.1% on the previous year. IKEA's position as the market leader was further strengthened as market share grew by 0.2% to 6.4% in a year where the company celebrated its 25th birthday.

"We have worked hard to put a renewed focus on the customer over the past year, understanding how they live, their needs, dreams and wants in the home as well as learning about how they want to shop with us, in order to offer them the best value for money home furnishings" said Gillian Drakeford, IKEA UK Retail Manager. "With the continued uncertainty around the recovery from the recession, we have continued to invest across our online and in-store shopping channels to create a simpler, more convenient and enjoyable experience and it's very humbling that our efforts have resulted in another year of growth."

Multi-Channel Investment

A high level of growth was achieved through online sales, with an increase of 29% compared to financial year 2012. This was achieved after IKEA increased the number of products available to buy online to 7500, 80% of the total range, as well as making the service available to the majority of Scotland.

The possibility to purchase through the mobile IKEA website was also offered towards the end of the year to give customers more choice in how they can shop with IKEA. With the launch of free Wi-Fi in all stores, a purchase can now be made direct from a mobile device while browsing in-store.

Improvements to the In-Store Shopping Experience

An investment of £4million was made to rebuild all Living Room and Children's IKEA departments across the country, which resulted in an immediate return on investment as sales in both areas rose by 6%. As part of the rebuild process, over 500 visits were made to customers' homes to understand the challenges, needs and dreams of the people living close to IKEA stores. The knowledge gained in these home visits was then used to redesign the display room-sets in the two departments, showcasing the IKEA range with local customer relevance.

Value-For-Money Home Furnishing Inspiration

In October 2012, IKEA announced that from 2016 all light bulbs sold would be LED, a technology which consumes 85% less energy and lasts 20 times longer than traditional incandescent bulbs. This was quickly followed in February 2013 with a £1.1 million investment to reduce the price of LED bulbs to be the lowest price in the UK, starting from only £4 per bulb. With the average house in the UK containing 28 light bulbs, the total annual household cost saving of switching from incandescent 40W bulbs to the corresponding LED bulbs is over £100 per year. The Lighting category saw growth of 10% over the year.

The biggest success was seen in the Outdoor Furniture category, up 58%, as IKEA offered the range during the whole year, a move away from only selling during the spring and summer, as well as launching the first integrated marketing campaign dedicated to the category. A series of new limited edition product ranges were also launched throughout the year to give customers further inspiration and reasons to visit, including the STOCKHOLM, NATIVDE and TRUE BLUE collection, resulting in an uplift of the number of visits to the store by 2.8% over the year.

Looking Forward

Gillian Drakeford continues, "By focusing on understanding our customers, their shopping needs and behaviours as well as being as relevant as we can with our home furnishing product offer, we have built a great foundation for strengthening the perception of the IKEA brand in the UK to deliver sustained growth. The medium-term picture for the home furnishing market looks bright and I believe this, coupled with our investments to improve the shopping experience, gives us the opportunity to double our turnover and total market share by 2020.

"Over the coming year we will be putting a renewed focus on our kitchens business, making IKEA the most simple and convenient retailer to buy a kitchen as well as the best value for money in the market.

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We will invest £8million in improving the kitchen business, including rebuilding all showrooms, staff training, improving our delivery and installation services as well as offering a completely redesigned kitchen system.

"We will also continue to develop our multi-channel offer as we look to give customers a seamless journey from online to in-store. Finally, we have a real passion and desire to be the stand-out brand that enables consumers to live a more sustainable life in their home. Therefore we will be investing to promote the extensive range of products we sell that will enable them to save and generate energy, save water and reduce waste and will ultimately help them save money. This includes rolling out our collaboration with Hanergy to offer the lowest price solar panels in the country to all UK stores by the end of the year and encouraging customers to use our furniture take back scheme."The full year financial report for The IKEA Group, titled 'Yearly Summary', will be published in January 2014. Previous reports can be viewed on the IKEA website.

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Notes to editors

- The IKEA Group is the world's leading home furnishing retailer with a grand total of 298 IKEA stores in 26 countries/territories that are visited by 690 million people every year.
- IKEA UK has 18 stores and IKEA Ireland has 1 store. The first IKEA store in the UK was opened in Warrington in 1987.
- The IKEA Group has 139,000 co-workers in 41 different countries over four continents. There are 7,200 employees currently working at IKEA UK and Ireland organisation. Sales for the IKEA Group for the financial year 2013 increased by 3.1 per cent to a total of 27.9 billion Euros compared to 2012.
- The 2013 IKEA Catalogue was printed in 212 million copies, 29 languages and 62 editions.
- IKEA has a range of 9,500 different home furnishing products. The company was established in 1943 by Ingvar Kamprad at the age of 17, in Småland in Sweden.

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