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Ikea's new UK boss homing in on change

Gillian Drakeford tells Steve Hawkes how she plans to double revenues to more than £2bn by 2020.

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Ikea's UK chief, Gillian Drakeford, pictured at the furniture retailer's store in Wembley, admits the customer experience needs improvement Photo: Vicki Couchman / unp / alamy

Gillian Drakeford has spent so long on the other side of the world her three children speak fluent Mandarin and the last TV programme she can remember in the UK is Changing Rooms.

But returning from China to become the UK head of Ikea has given the 49-year-old a fresh perspective on her homeland. After 15 years in the Far East one of the first things she noticed on her return to London was the huge increase in the number of different nationalities in the capital. The second was the sharp reduction in space.

Looking for a family home, Drakeford said that everywhere seemed to have a loft conversion and semi-detached homes more often than not had five bedrooms. Fortunately, everything was an opportunity for the business she now hopes to transform.

Speaking at Ikea's vast store in Wembley, north London, she said: "There is a huge opportunity here in the UK. Many people coming to this country are coming to London to set up a home and they are people who know Ikea from elsewhere around the world.

"At the same time, people in London who are not moving may be staying longer in their home but their life situation is changing – they are having children, [and] technology is changing how people use rooms, how they live.

"In the old days, people bought furniture and kept it their whole life – there were the 'best rooms' in the house, where the kids didn't go. That has changed tremendously, and it gives us an opportunity to do far more."

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Ikea has been in the UK for 26 years, an eternity given how quickly the retail landscape has changed, with the credit crisis claiming names such as Woolworths, Jessops, Blockbuster and HMV. It's famed for its blue-box stores, meatballs, marital rows, the strange-sounding Scandinavian names given to products and the long, winding walk around the shop.

The new boss is an Ikea lifer. She was in the management team that opened the company's first UK store in Warrington in 1987. She went to Hong Kong in 1998 and then on to China, running a Beijing store that served 6m customers a year.

While happy that Ikea is so well-known in the UK – the sixth biggest market in Ikea's empire – Drakeford believes it's time for the group to nail down its place as the number one in the British market.

Engaging company and seemingly light-hearted, she is deadly serious when setting out her aim to double Ikea's annual revenues to more than £2bn by 2020. This should double Ikea's market share, from just over 6pc to 12pc, all at a time when most of Middle England's default option is to shop at John Lewis.

Drakeford admits John Lewis is a formidable competitor but insists Ikea is better value – a third cheaper on kitchens – and offers similar quality. She adds that, unlike other sectors such as grocery, much of the spending on home furnishing and furniture is not with the major players such as Ikea, B&Q and Dunelm.

To grab a bigger slice of Britain's wallets, Ikea wants to open more stores, transform its online offer and tailor its ranges far more to the local catchment area around its shops. Last year, Ikea sent staff into 500 homes up and down the country to see how people live and it's already helping managers to develop and adjust the displays in their stores.

In Ikea's Wembley HQ, next to the North Circular road, one of the lounges on display includes the bay window and fireplace so common in houses in the capital. Then there are the adult bedrooms that have a child's bed in the same room, separated by nothing more than a curtain.

Drakeford says: "The living space is quite small in London but the family is still growing and we can really see that quite often children are now sharing the adult bedroom. So we are looking at how we can help. How do we help children create their own space, to have their own identity.

"We are also seeing other trends. I was up in Edinburgh and we see with students, there's a generation of people going to university and coming home. No one has the cash to set up on their own. We can see these 'returnees' heading back to the parental home, so it's a huge opportunity for us in the 21 to 30-year-old market.

"We have two or three 'rooms' in our Edinburgh store where we have a bedsit-in-a-bedroom set-up. You might have a high bed with a table or desk underneath. There could be a seating option for their friends, a lot of storage. This is their space."

She adds: "The role of the living room has changed: technology now means that children are moving back into the living room. Everybody is sitting in the same space but they're all doing different stuff. Watching TV, playing on the iPad, watching a film on the laptop. Using the knowledge we have of how people live helps provide solutions for everyday life."

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Part of the more local approach, Drakeford admits, is tailoring the company's product mix to the disposable income in each region. She is shocked at just how separate London now is from the rest of the UK. Average transaction values in the capital are 25pc above Ikea's stores elsewhere in the country.

Drakeford says: "The difference between London and the rest of the country is huge. We should be treating London as a market in its own right.

"What this means is that when we have a low-price room, the starting price might be, say, £250 in Gateshead and £300 in London, because of differences in the product mix. The core range is pretty standard but we are looking at how people live, how much they have to spend."

She adds: "The gap between those that have and those that don't has got bigger. In China, it's more extreme but you can also see it when you visit a lot of the cities we operate in here."

The ability to "connect" with customers and "partner with the community" is central to the plan Drakeford is putting in place and it's one of the few areas where she hints at how Ikea has gone wrong in the UK.

She comments simply that while the business has addressed some needs, "there was an opportunity to do more".

The second area where the retailer admits it has to improve is in the customer experience. Drakeford says that for too long Ikea has expanded by being the place homeowners have to visit, rather than the place they want to visit.

She admits that copying Ikea's Australian business and putting a male-friendly zone in stores for big sporting occasions may be a step too far but there will be change. "At times," she smiles, "I think it's fair to say we didn't do our customers justice in terms of the shopping experience."

The rise of Ikea

1926: Ingvar Kamprad is born in Smaland, southern Sweden. As a school boy he buys matches in bulk in Stockholm and sells them individually locally for a profit.

1943: IKEA is launched as a retailer selling pens, watches and nylon stockings. The name IKEA is formed from the founder's initials (I.K.) plus the first letters of Elmtaryd (E) and Agunnaryd (A), the farm and village where he grew up

1953: Launches first furniture showroom

1956: Launches first "flat-pack" furniture after a member of staff takes the legs off a table to get it into the car

1987: First shop opens in the UK

2011: Operates 332 stores in 38 countries

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