

## **There are parts of the UK where you have to drive two-and-a-half hours to get to Ikea - I'll change that: Boss reveals her plans for furniture icon**

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There are not enough Ikea stores in Britain, or so says the group's UK boss Gillian Drakeford. 'There are parts of the country where you need to drive two-and-a-half hours to get to an Ikea,' she declares.

But Drakeford is about to change all that. Having already led the group through a significant recovery in sales, she is now planning a big UK expansion and a major shift in strategy including a possible move to the very heart of British retail territory – Oxford Street.

Drakeford is 'seriously considering' opening a site at the BHS store in Oxford Street which is being sold and where new tenants are being sought.

Such a move would mark a symbolic shift for the group whose name has been synonymous with big out-of-town stores. It is also a sign that even Ikea, a byword for modern shopping, needs to catch up with the internet revolution.

'A lot of people really like Ikea but we are just too far away,' says Drakeford. 'So we have plans to open new stores. We have a new store opening in July in Reading. We have sites in Sheffield, Exeter and Greenwich. But this is only part of our expansion. We are also testing new order and collection points.'

By Drakeford's own admission Ikea has been weak on customer service and has not adapted to the online world as fast as it could. Many smaller items are not available to buy on its website. Ikea lamps and other small items change hands on eBay for twice the Ikea retail price.

Ikea doesn't deliver these items and shoppers are willing to pay over the odds to have them delivered by an eBay source rather than take a long drive to an Ikea store.

But one of Ikea's great strengths is that it is a brilliant global logistical machine – it has 328 stores in 28 countries. So if Ikea can deliver all over the world, why can't it deliver to customers in one country? Drakeford: 'We are working on it.'

'Our online offer has been running for nine years and we have gradually increased the range, but we are still not there yet. We are slow. But we are adding more products.'

Drakeford, 51, married and a mother of three, is cheerful and chatty. Although a successful CEO, she dresses more like a smart school mum than a power-dressing career woman. She has without question worked her way up from the bottom.

She left her local state school at 18 and began working at Ikea's first UK store in Warrington soon after. But after the birth of her first child, she went back to education to get a degree in Economics and Business, admitting that working full time as a mother is 'hard work'.

She then returned to Ikea and went straight to China, after one female boss 'clearly recognised something in me which I didn't see myself'.

Despite having her third and final child in China (and taking a whole year of maternity leave) she went on to become the boss of Ikea in China, running all operations.

In all, Drakeford spent 11 years working there. Of the experience, she says: 'We went in very tentatively and really learnt about the consumer. We looked at how they live, what sorts of products they would be interested in, how we could ensure that we had the best prices for a Chinese consumer. So sleep comfort across all markets is very individual. The Chinese love hard mattresses. Knowing that, we had to work with Chinese suppliers to ensure the right hardness for the Chinese market.'

'A small stool called Forby we sold for the equivalent of £2.50. And from two small stores in China we sold more than all 21 stores in France. We discovered that it was a huge aspiration to have an Ikea product in a more Western-style home.'

In 2013, Drakeford came back to the UK to head up Ikea's British and Irish business, which had lost its edge – she was the fourth boss in nine years. And while others had struggled to revive it, she seems to have succeeded with flying colours. Sales increased more than 30 per cent from 2012 to 2015 to reach a record £1.6billion. Profit increased almost threefold to £116million.

But Ikea opened its first UK store in 1987, so why has it taken so long to roll out across the country? Drakeford says: 'One of the challenges of Ikea is that unless you are performing in your existing stores, and really making profits, then it's difficult to expand. Profits are resources at Ikea and it is only profits that give us the mandate to expand.'

And Ikea is a very financially conservative firm. At the end of 2015, it had €16.7billion (£13.3billion) of cash and securities and only €2billion of long-term debts. Critics would argue that such stinginess restricts investment and hence growth. She responds: 'But it goes back to who we are as a company. Because we are privately owned, we should be able to finance all our development ourselves.'

Ikea is proud of its progressive culture. Its annual report features photos of the 127,000 'co-workers' who value 'togetherness and enthusiasm' and 'humbleness and willpower'.

The decision to pay UK staff the Living Wage (set by the Living Wage Foundation) stems from these values, according to Drakeford. From April 1, workers in London have been paid £9.40 an hour and £8.25 in the rest of the UK – substantially above the Chancellor's statutory level of £7.20 an hour.

'People are our most important resource. If we want Ikea to be successful long term it will only start with our people. The living wage is part of a bigger problem – how do we secure that we have the most engaged co-workers?'

This comes back to that reputation for weak customer service. 'We need to do a better job. If I come into store, I want to touch and feel the product and often want advice. Therefore, Ikea needs great people.'

So why was Ikea so poor previously? 'I am not going to comment on the past,' says Drakeford diplomatically. 'The market though is now much more competitive. We are working hard to improve the experience. We recognise that convenience is important – everybody is time poor.'

Link: <http://www.thisismoney.co.uk/money/news/article-3543646/Why-China-went-mad-stool-sell-2-50-Ikea-chief-s-lesson-Far-East-plan-expand.html>