## IKEA Abandons Plans To Double Sales By 2020; Looks To Germany

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Furniture and homeware giant IKEA has said it has abandoned its plans to double sales between 2012 and 2020 to €50 billion, stating that the level of growth anticipated was 'unrealistic' given the global economic slowdown.


*"Our goal has so far proved to be too aggressive,"* said Goeran Grosskopf, chairman of parent company, Ingka Holding. *"Sales haven't developed as fast as we thought. The main reason is that the world economy hasn't evolved as strongly as we expected. Especially the development in southern Europe is very far from what we thought."*

The statement comes after founder Ingvar Kamprad said last year that the company's plans to open 25 stores every year were too ambitious. However, the news won't be seen as a huge setback for the company. As the flatpack giant says it plans to secure a bigger slice of the German market, the latest figures released show the company forging ahead despite the global downturn in household spending.

**A good idea from IKEA**

The Swedish company is looking to boost its market share of the massive €31 billion Germany to 25% over the next ten years. That would be around twice its current 13% market share.

IKEA Germany boss Peter Belzel said the company sought to achieve the expansion though 20 to 25 new stores, as well as through marketing IKEA's online business, and there's little reason to think the firm won't succeed.

IKEA has gone from strength to strength over the years on a philosophy of creating smart, functional, affordable furnishings in one of the most customer friendly store models on the planet. Customers are offered every facility possible to make their shopping trip at IKEA pleasurable and hassle-free. These include a crèche, subsidised restaurant, lockers for valuables and a host of services to help customers integrate IKEA's products into their homes.

**A global success story**

It’s a model that’s paid off massively. IKEA’s statement for the fiscal year to the end of August 2013 continued to rise, posting sales of €27.9 billion, up 3.1% from the previous year. To put that into context, that’s greater than the annual GDP of Serbia.

During 2011 and 2012, growth was 9.8%. Even in Australia, where IKEA has come under heavy competition from Kmart, Aldi and Costco Wholesale Corporation (NASDAQ:COST), the furniture giant still managed a modest increase in sales from $649 million to $666 million through a series of promotions and discounts.

People like the IKEA brand and its philosophy and the company can still go further. Only this week, IKEA revealed that like-for-like sales in the UK jumped 12% in the 12 days to January 6th. UK and Ireland country manager, Gillian Drakeford said:

*“We’ve seen the main areas of growth in living rooms, children’s IKEA and bathrooms, where we have made recent investments.”*

That’s a small jump compared to online sales, which are up 60%. Multichannel sales are an area Drakeford says are only beginning to grow.

Clearly, there’s still plenty of mileage left in the IKEA tank.

Founded in 1943, IKEA currently owns 349 stores in 43 countries and employs 139,000 people.

**Link: http://www.valuewalk.com/2014/01/ikea-sales-germany/**