ism THOUGHT LEADERS IN CUSTOMER STRATEGY

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IKEA: Global Leaders in the Use of Immersive Technology Since 2012

Started in 1943 by Ingvar Kamprad and currently legally headquartered in the Netherlands, IKEA has been the world's largest furniture retailer since 2008. The brand name is an acronym of founder Ingvar Kamprad's initials; Elmtaryd, the family farm where Kamprad was born; and the nearby village of Agunnaryd, Kamprad's hometown in Småland.

Ingvar's original idea to offer products with both a low price and good quality is alive and well to this very day and has become a cornerstone of the IKEA culture and identity. IKEA, primarily known for its modernist furniture designs, simple approach to interior design, and its immersive shopping concept, based around decorated room settings within their big-box stores, where customers can interact with products onsite. In addition, the firm is known for its attention to cost control and continuous product development, notably, the ready-to-assemble model of furniture sales, and other elements which have allowed IKEA to establish lower prices than its competitors.

IKEA generated $51.5 billion (€ 47.6 billion) in sales during FY 2023, and a gross profit of 13.2%.

As of September 2023, there are 482 IKEA stores (71 of which were opened in 2023) operating in 63 countries. There are 219,000 IKEA co-workers. The IKEA website contains about 12,000 products, and there are billions of visitors to IKEA's websites annually.

Introduction To IKEA's Immersive Technology Initiatives

In recent years, IKEA has emerged as a pioneer in integrating virtual reality (VR) into its business model, revolutionizing the way customers interact with their products. As a global leader in home furnishings, IKEA has always emphasized innovation and customer experience. Recognizing the transformative potential of VR technology, IKEA embarked on a mission to enhance the shopping journey by making it more immersive and interactive.

The inception of IKEA's virtual reality initiatives can be traced back to its commitment to solving common consumer dilemmas – chief among them being the challenge of visualizing furniture in one's own living space. By leveraging VR, IKEA offers customers an unprecedented level of engagement and convenience. Shoppers can now virtually place furniture pieces in their homes through applications like the IKEA Place app, which utilizes augmented reality (AR) technology to scale 3D models of furniture within real environments.

Moreover, IKEA has expanded its VR ventures beyond just product placement. The company introduced VR experiences that allow users to explore entire showroom setups from the comfort of their own homes. These virtual showrooms provide a holistic view of how different pieces can be arranged cohesively within a space, offering design inspiration and practical solutions without requiring physical presence at an IKEA store.

Through these forward-thinking initiatives, IKEA not only enhances customer satisfaction but also sets new standards for retail innovation in the digital age. By embracing VR technology, IKEA continues to bridge the gap between imagination and reality, making home furnishing more accessible and engaging for everyone.

The Evolution of VR Technology at IKEA

IKEA's journey into the realm of VR reflects a broader narrative of technological adaptation and customer-centric innovation. The Swedish furniture giant first dipped its toes into VR waters in 2016 with the release of the IKEA VR Experience, an immersive app designed for HTC Vive users. This initial foray allowed customers to explore a virtual kitchen, customize elements such as cabinet colors and countertops, and experience different time-of-day settings to observe how lighting would affect their spaces.

This was more than just a gimmick; it represented a significant shift towards integrating advanced technology with consumer shopping habits.

As VR technology evolved, so did IKEA's applications. By 2017, the company launched IKEA Place, an augmented reality (AR) app that leveraged Apple's ARKit framework to superimpose true-to-scale 3D models of furniture into users' real-world environments via their smartphones. While not strictly VR, this marked an important step in bridging the gap between virtual and augmented realities within home furnishing.

In recent years, IKEA has continued to innovate by exploring mixed reality (MR), combining both VR and AR elements to offer even richer experiences. For example, IKEA has experimented with MR headsets like Microsoft’s HoloLens to allow users to interact with digital overlays in physical spaces more intuitively.

Through these iterative advancements, IKEA has not only stayed abreast of technological trends but also fundamentally transformed how customers engage with its products—making home design more accessible, interactive, and personalized than ever before.

Enhancing The Customer Shopping Experience with VR

IKEA has long been at the forefront of innovative retail strategies, and its use of virtual reality (VR) technology is a testament to this commitment. By integrating VR into its customer shopping experience, IKEA has transformed how consumers interact with IKEA products and make purchasing decisions.

Furthermore, IKEA has introduced VR showrooms that offer an immersive shopping journey unparalleled by traditional methods. Customers can put on VR headsets in-store or at home to explore fully furnished virtual rooms curated by professional designers. These digital environments provide inspiration and practical insights on how various pieces can be combined effectively.

By embracing VR technology, IKEA is setting new standards for customer engagement and satisfaction in retail. The ability to experience products in a virtual yet realistic context empowers consumers with confidence and convenience, bridging the gap between imagination and reality in home furnishing shopping.

VR Applications in IKEA's Product Design and Development

IKEA's integration of VR into its product design and development processes represents a significant leap in how the company conceptualizes, refines, and finalizes its offerings. By leveraging VR technology, IKEA designers and engineers can immerse themselves in a fully interactive 3D environment where they can visualize new products in real-time. This immersive experience allows for more intuitive decision-making and creative exploration.

One of the most compelling advantages of using VR in product design is the ability to simulate and manipulate objects with unparalleled precision. Designers can experiment with different materials, colors, and textures without the need for physical prototypes. This not only accelerates the iteration process but also reduces waste and costs associated with traditional prototyping methods. Changes can be made instantaneously, enabling teams to explore numerous design variations swiftly.

Moreover, VR facilitates enhanced collaboration among global teams. Designers from different parts of the world can virtually meet within the same digital space, sharing insights and feedback as if they were in the same

room. This fosters a more cohesive workflow and ensures that diverse perspectives are considered throughout the development process.

Another key benefit is user testing: VR environments allow potential customers to interact with products before they are manufactured. By observing how users engage with virtual prototypes, IKEA gains valuable insights into usability and functionality that inform final adjustments.

IKEA's use of VR transcends mere visualization; it revolutionizes their entire approach to product design by making it more efficient, collaborative, and customer centric.

Training and Workforce Development Through VR at IKEA

IKEA has long been a pioneer in integrating innovative technologies to enhance its business operations, and its use of VR extends beyond customer engagement to transformative applications in workforce training and development. By leveraging VR, IKEA is revolutionizing the way it trains its employees, ensuring they are equipped with the skills necessary to thrive in a dynamic retail environment.

The immersive nature of VR allows IKEA to create realistic simulations that mimic various aspects of store operations. New employees can be onboarded more efficiently by experiencing virtual replicas of store layouts, learning how to navigate different departments, manage inventory, and assist customers effectively without the constraints of physical space or time. This hands-on training approach not only accelerates learning curves but also reduces the costs associated with traditional training methods.

Moreover, VR provides a safe platform for employees to practice handling challenging situations such as managing customer complaints or dealing with emergency scenarios. The ability to repeatedly engage in these simulations helps build confidence and competence among staff members before they encounter real-life situations. This method ensures that employees are better prepared and more adept at maintaining IKEA's high standards of customer service.

In addition to operational training, VR is utilized for skills development across various roles within the company. From assembly techniques for furniture products to interior design consultations using virtual room settings, employees gain practical experience that directly translates into improved performance on the job.

By embracing VR for workforce development, IKEA not only enhances employee proficiency but also fosters an innovative corporate culture where continuous learning and adaptation are integral components of success.

What Comes Next: Innovations in IKEA's Immersive Strategy

IKEA's journey into the realm of VR has been marked by a blend of innovation and practical application, but the future holds even more promise as technological advancements continue to accelerate. The company's current VR applications allow customers to visualize furniture in their homes, but the next steps could revolutionize not just how we shop, but also how we live.

One exciting prospect is the integration of AR with VR, creating a mixed-reality experience that offers even greater utility. Imagine a customer walking through their physical home while wearing AR glasses that overlay potential IKEA products seamlessly into their environment. This would not only enhance the shopping experience but also provide a more accurate representation of how items would fit within existing décor and spatial constraints.

Moreover, with advancements in AI and machine learning, IKEA could develop highly personalized VR experiences. By analyzing customer data and preferences, AI could curate customized room settings or suggest complementary pieces based on individual tastes and needs. These personalized simulations would make it easier for customers to visualize complex design ideas without having to step foot in a store.

Additionally, IKEA might explore collaborative VR spaces where customers can design rooms together with friends or family members remotely. This social aspect of VR could transform purchasing decisions into shared experiences, making home furnishing both fun and interactive. As technology continues to evolve, so will IKEA's ability to offer innovative solutions that blend convenience with creativity, thereby redefining the future landscape of retail.

I want to end this podcast with the vision that Martin Enthed, Innovation Manager at IKEA in Sweden, presented to the audience during his keynote at the June 2024 Augmented World Conference and Expo in California. He brought the audience through IKEA's journey over the past 12 years through 3D visualization and spatial computing. It is an incredibly interesting journey:

- In 2012, IKEA designed an AR app to show 3D models of products.
- In 2015, IKEA began offering large scale 3D production like entire kitchens.
- In 2016, IKEA offered the VR app called VR kitchen, and in 2017 they offered the AR app IKEA Place that revolutionized the art of the possible at that time.
- From 2018 – 2022, IKEA transitioned all planning tools to 3D; commencing last year IKEA began offering 3D on product pages including AR on IKEA web pages.
- In 2024, IKEA identified what they call 'quest areas' for spatial computing to include rooms, products, sound simulation in 3D, sharing experiences with others, and touch and smell/taste. They also announced leveraging their 3D advertisement images to create deep leaning training data

For the past 81 years, IKEA has leveraged innovation and technology to help become the number one retail furniture provider worldwide. Their creative use of immersive technology – VR, AR, XR and now spatial computing – over the past 12 years has enhanced their customers' experience with IKEA, and has raised the bar on internal learning, design, and collaboration. It is an incredible story, and the best is yet to come!

My Metaverse business partner, Tim Bajarin, and I are keen to assist manufacturing companies and retailers at each step of the way to ensure their successful entry into XR/Metaverse and Spatial Computing. To read about additional manufacturing and retail company XR/Metaverse case studies, I strongly encourage you to visit ISM's award-winning XR/Metaverse Resource Center – www.ismguide/metaverse-resource-center – where in addition to gaining access to more than 350 Metaverse case studies, more than 350 Metaverse articles, and more than 150 Metaverse videos, you can download ISM's new '8 Steps to Do Business Successfully in the Metaverse' White Paper, download ISM's New 'VR Training Guide for the Enterprise,' learn about and sign-up for ISM's complimentary 2-hour Metaverse Executive Bootcamp, and more.

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