

BTS Négociation et Digitalisation de la Relation Client

ANGLAIS OBLIGATOIRE

SESSION 2023

Ikea UK profits fall by almost a fifth despite 12% increase in sales



Higher energy bills, rising prices from suppliers and increased freight costs to blame, says retailer.

Ikea's profits have fallen by almost a fifth in the UK despite a 12% increase in sales amid the impact of soaring costs, as the company said it could not rule out further price increases in the new year.

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The world's largest furniture retailer said sales had benefited as shoppers returned to stores in the year to 31 August, while online takings dropped to 35% of annual sales, compared with 45% a year earlier when pandemic restrictions drove up internet shopping.

The Swedish retailer fared well as shoppers continued to seek out more kit for working from home, while the reopening of stores led to more ad hoc purchases.

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Total sales rose to £2.2bn, topping pre-pandemic levels for the first time. However, operating profit slid to just under £50m, down from more than £61m a year earlier, because of higher energy bills, rising prices from suppliers and increased freight costs. Ikea said profit margins had also been hit by not passing on the full effect of its rising costs to shoppers, despite upping prices this summer.

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Peter Jelkeby, Ikea's country retail manager for the UK, said its supply chain had been stabilising and service levels improving but "inflation is not yet over for us". Although price increases for shoppers could not be ruled out, he said: "We have to be competitive and affordable and we are working very hard on improving our offer." He said shoppers were looking for ways to save money and energy, with people buying insulated curtains, water saving taps and energy saving lightbulbs.

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The company has tried to keep costs down and trade more sustainably by cutting waste, which is down by 50% on food, and is switching to electric vehicles for deliveries to customers' homes. The group already has 24 electric vans in operation and will switch all home deliveries to electric or other zero emissions options by 2025. [...]

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By Sarah Butler, *The Guardian*, 19 December 2022