

LIFE AT HOME SNAPSHOT #05
APRIL 2023

Tough times, tougher choices

Read the Snapshot →



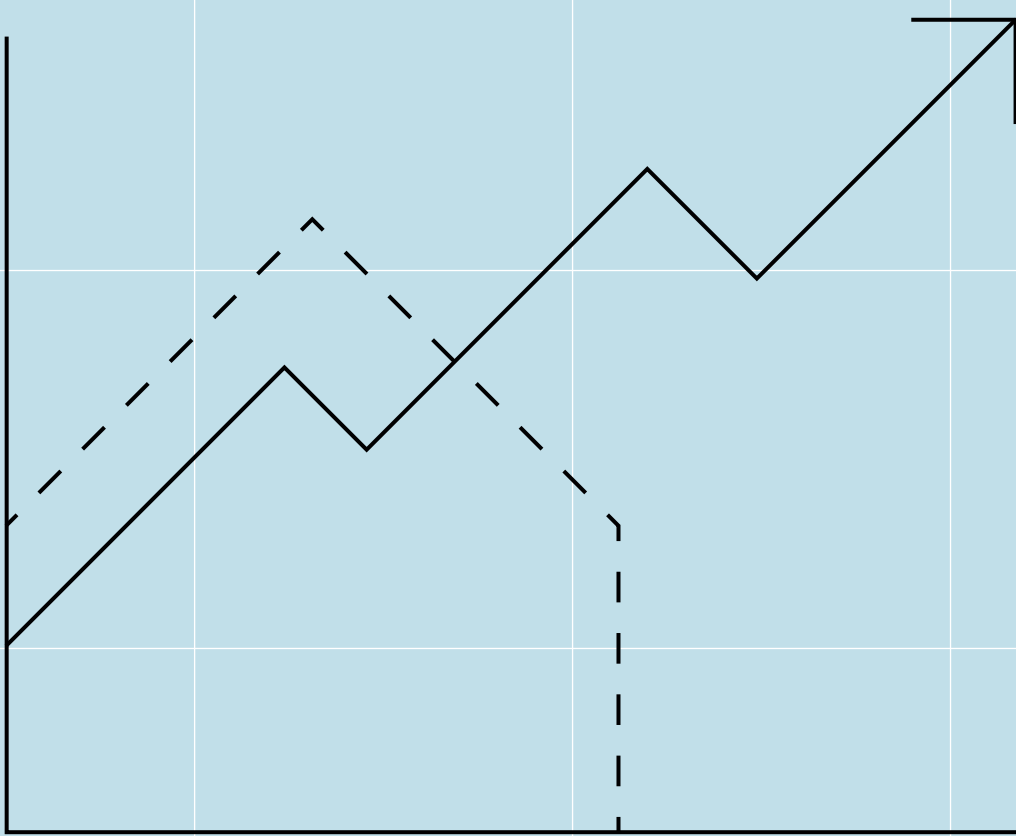
Rising costs aren't just impacting our day to day. It's starting to affect people's lives in the long-term, too.



Whether it's postponing parenthood or finding the right balance between sustainability and affordability – we've seen that people are readjusting their wants and needs.

As a result, many are looking to businesses they trust to help. We take a look at how this is transforming life at home and beyond.

Costs continue to bite



Around the world, we’re continuing to see sharp increases in the price of food, housing and fuel.

For many, this is leading to a fall in living standards and reevaluation of life plans.

People continue to feel the pinch in their everyday lives.

61%

of people are concerned about their household finances

(IKEA LAHR, 2022)

43%

of us expect our hobbies and interests outside of the home to be negatively impacted if the cost of living significantly increases

(IKEA LAHR, 2022)



Rising costs are leading to limited housing options and stunting the life experiences of younger generations.

In the US, the primary reasons adults don’t own a home are:

43% not enough **income**

39% out-of-reach **home prices**

36% being unable to afford a **down payment**

(Bankrate, 2022)

Almost

1 in 5

parents in the UK expect adult children to move back into the family home because of rising living costs

(Capital One UK, 2023)

MORE BUYING POWER TO THE PEOPLE

We offer IKEA finance options to help customers spread the cost with **0% interest.**

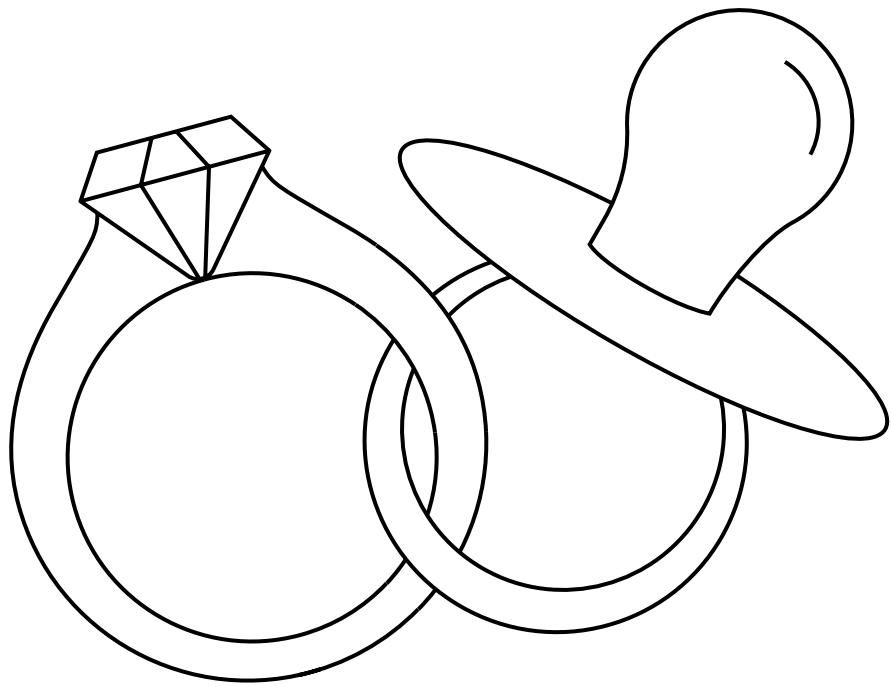
CHAPTER ONE: COSTS CONTINUE TO BITE

For some people, financial pressures are impacting their biggest life choices.

1 in 5

people aged 18-34 say they expect family plans (e.g. getting married or having children) to be negatively impacted by the increased cost of living

(IKEA LAHR, 2022)



DID YOU KNOW?

Financial pressures are only half the story. Globally, **2 in 5** young people say climate change has made them rethink their desire to start a family.

(UNICEF, Age range 20-35, 2022)

SUPPORTING THE FUTURE



The IKEA Foundation is our philanthropic arm aimed at tackling two of the biggest threats to children's futures: poverty and climate change.



€200m

given in grants every year

This funding goes towards:

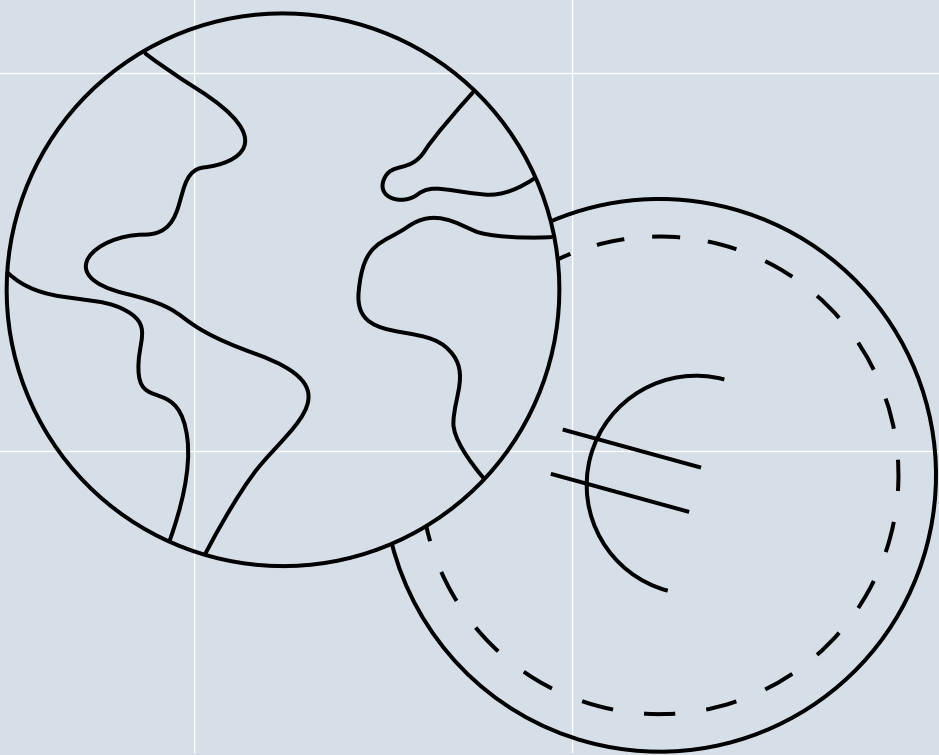
Tackling poverty

We work with partners to help those with the fewest resources build livelihoods and support their families – with a particular focus on young people, women and refugees.

Fighting climate change

We support programmes that reduce carbon emissions, which in turn, ensures future generations will still have a place to call home.

The sustainability dilemma



While some cost-cutting measures come with sustainable benefits, the reality is that many people feel they have to make a trade off between affordability, convenience and what’s good for the environment.

As purse strings tighten, price continues to be a leading factor in how people shop.

6 in 10

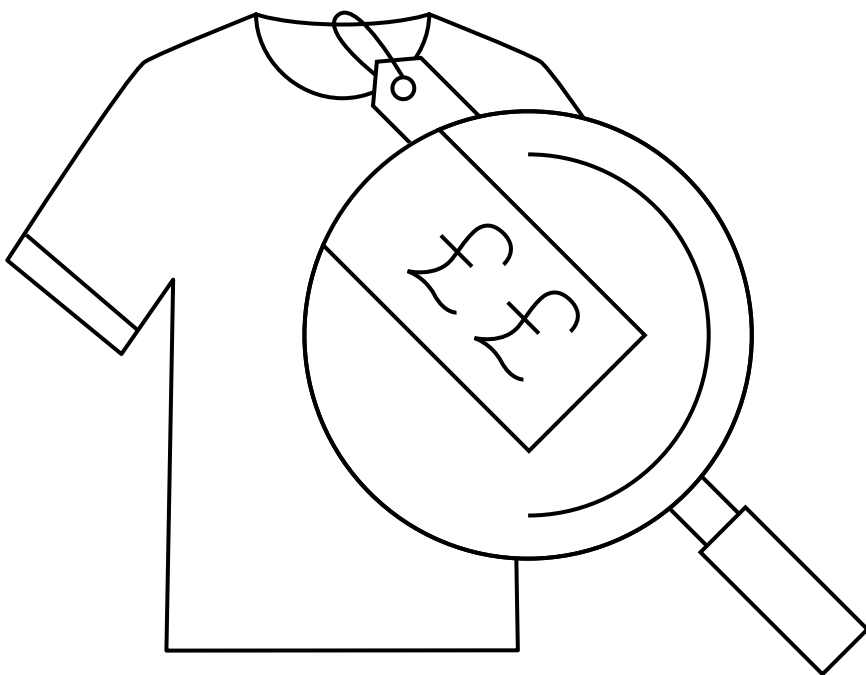
say low prices will be more influential when choosing where to shop and what to buy in the next two years

(Institute of Customer Service, 2022)

42%

of people plan to use price comparison tools when shopping

(Klarna, 2023)



In an effort to reduce their spending, people are choosing second-hand items or not buying anything at all.

65%

say they’re spending less on non-essentials because of the rising cost of living

(Institute for Government, 2023)

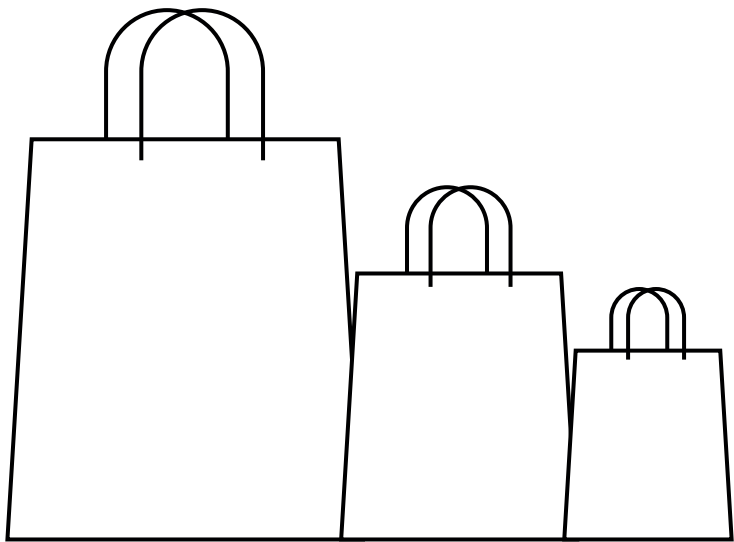
6 in 10

say they always or mostly repair household items before buying a replacement

(IKEA Climate Action Research, 2021)

CHAPTER TWO: THE SUSTAINABILITY DILEMMA

There’s a small silver lining to buying less. Many of us recognise it’s an important way to protect the planet.



Almost
3 in 4
agree we should all
consume less to avoid
the worst effects
of climate change

(IKEA Climate Action Research, 2021)

EMBRACING CIRCULARITY WITH #GREENFRIDAY

At IKEA, we wanted to discourage excessive spending on Black Friday, and instead, get people to embrace circularity. With our Buyback scheme, customers could sell their used and assembled IKEA products and make money, rather than spend.

17
countries
participated

125,000
resold items

↑ 45%
more buyback customers
and items than last year



CHAPTER TWO: THE SUSTAINABILITY DILEMMA

There’s a general desire to shop sustainably, but costs remain a big barrier when making the final decision.

67%

say they would adopt a more sustainable lifestyle if products were cheaper

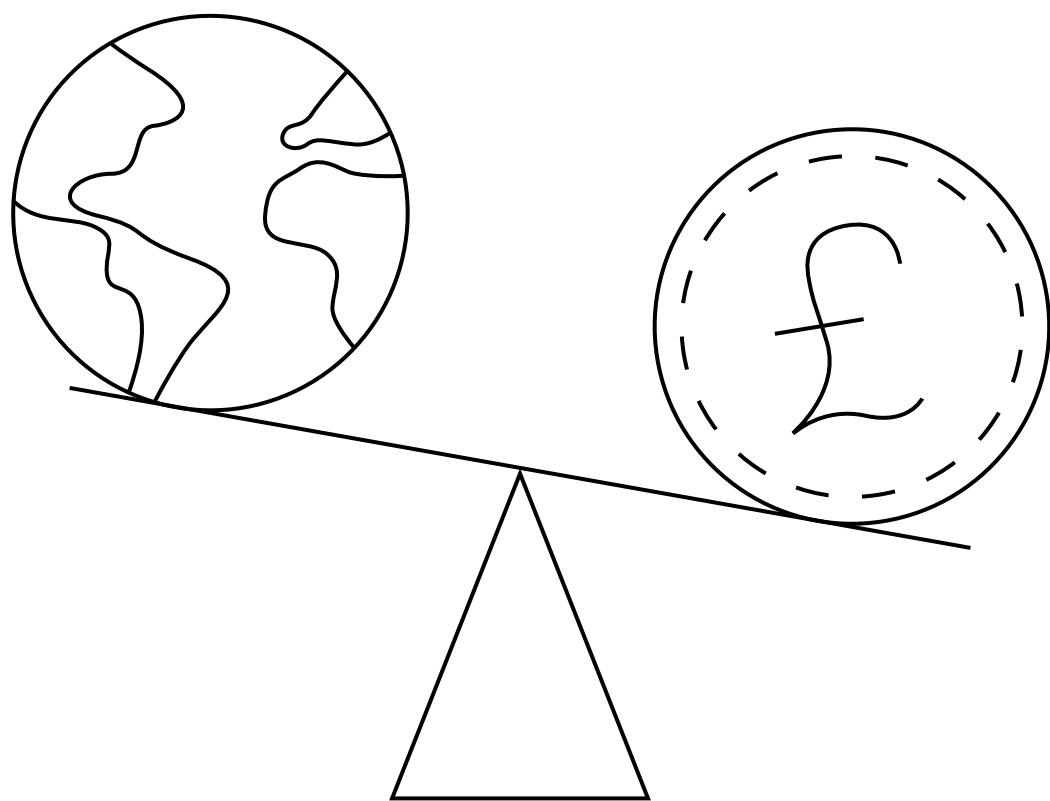
(Conscious Consumption, 2022)

People expect businesses, governments and local councils to do more to make sustainable living cheaper, easier and more readily available.

54%

want better schemes to remove plastic and packaging

(Deloitte, 2022)



38%

want clearer information on the sustainability of products and services

(Deloitte, 2022)

36%

want increased availability of ethical or sustainable products

(Deloitte, 2022)



FLAT-PACKING OUR WAY FORWARD

Flat pack furniture has always been a core principle at IKEA. But the EKTORP sofa was sold as a single unit for many years – until our design team evolved it into a flat pack.

The results were powerful. This didn’t just reduce the size of the product, but cut costs and emissions, too.

7,477

fewer trucks per year needed to move the same number of products

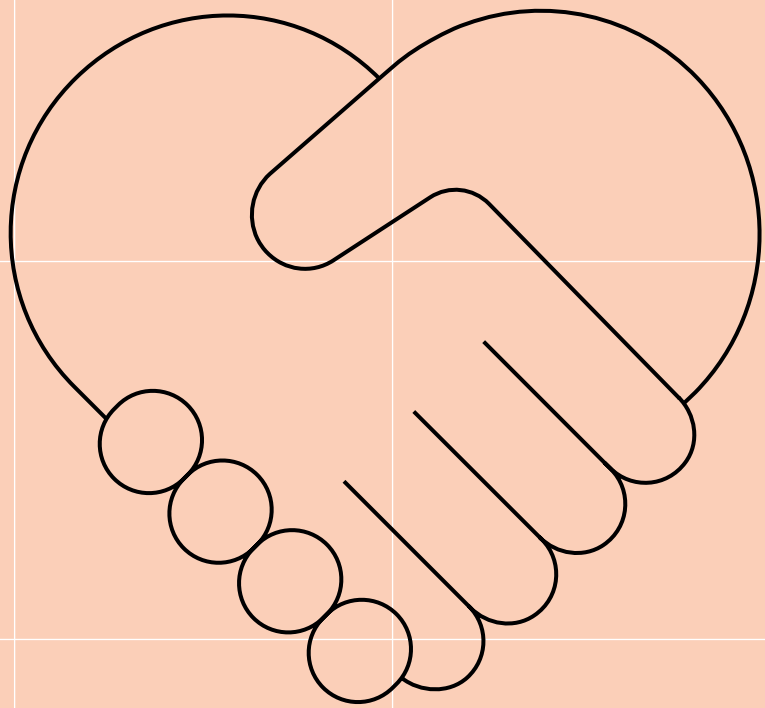
14%

reduction in price

50%

reduction in packing size

In brands we trust



Today, brand trust is more important than ever. With trust, people have confidence that the business will deliver on its promise – whether that’s providing value, protecting the planet, or both.

People want to support brands that are purpose-driven and align with their morals and ethics.

63%
people buy or advocate for brands based on beliefs and values

(Edelman Trust Barometer, 2023)

2 out of 3
Canadians practise ‘intentional spending’, i.e. making purchasing decisions that live up to their financial goals and personal values

(Trendwatching, 2023)

DID YOU KNOW?

It’s not only shopping where people are looking to be more purpose-driven. A whopping **37%** of Gen Z say they’ve rejected a job because of their personal ethics.

(Deloitte, 2022)



Businesses must constantly build and maintain their customers’ trust.

#6
IKEA’s rating on the global purpose score

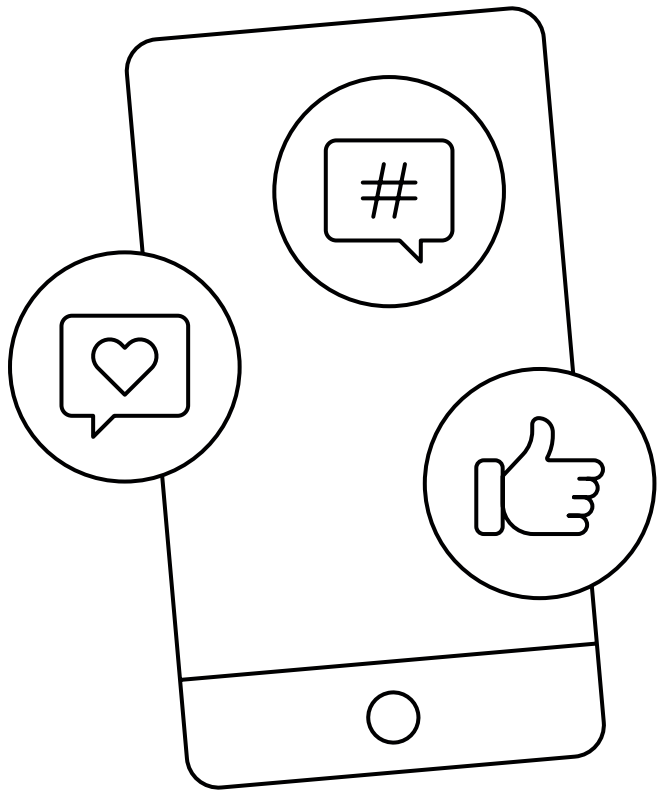
(Lynxeye Purpose Index Global 2023)

At IKEA, we have lots more in the works to become more accessible while furthering our commitment to **creating a better everyday life for the many people.**

People need a personal connection to build trust, but many feel they're excluded by brands and the media.

48%

say their lives at home aren't frequently represented in the media
(IKEA LAHR, 2022)



"I don't feel represented at all... as a single gay man in his 40s I don't ever see that in an advert... we try to celebrate singledom but it's not an aspirational thing for your home."
(IKEA LAHR, 2022)

To feel seen and included, many of us want to be more than 'listened to' by businesses. We want action – and to be part of the action.

64%
wish companies would respond faster to meet their changing needs
(Accenture, 2022)

Over
2 in 3
don't feel like they contribute to a brand's story, content, product, or service, (but half of these people are eager to contribute more)
(Aspire, 2022)



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As the cost of living crisis continues to affect households across the world, choice becomes more important than ever. This includes the choice in how we live, what we buy, and who we buy from.

This is where we, as a business, can help. It's how we can continue to build trust and create value for people, no matter their situation.

To thrive, we must:

Understand people's changing circumstances

Respond to people's changing habits and needs

Make good on our commitment to people and the planet

lifeathome.ikea.com

