

THE BUSINESS MODEL CANVAS

THIS MODEL IS AN ADDITION TO IKEA'S ALREADY EXISTING BUSINESS MODEL. THIS SERVICE FOCUSES ON ENHANCING IKEA'S APPROACH TO PACKAGING, BUT THE CORE BUSINESS MODEL OTHERWISE REMAINS THE SAME.

KEY PARTNERS

DPD

Collection of cardboard packaging and transporting it back to IKEA warehouse

DPD, Tesco, Shift

Existing partners who work with IKEA for delivery as drop of centres for used packaging

IKEAs internal packaging design team

IKEAs internal marketing team

IKEA London service design team

Cloth band suppliers

KEY ACTIVITIES

- Collect used packaging from drop-off centres.
- Sort packaging for reuse, re-purpose, recycle.
- Redesign packaging for reusability.
- Implement deposit based return systems for packaging.
- Develop campaign to launch reuse initiative.
- Set up return infrastructure (scanners, sorting zones, shredders).
- Partner with recycling companies.

KEY RESOURCES

- Drop centres for packages, agreements for storage of packaging until transit until to transit to IKEA
- Scanners at the drop off centres for tracking and return of deposit
- Logistical needs for returning packaging back to IKEA warehouse which includes drivers and vehicle and so on
- Sorting zone and personnel at IKEA warehouse
- Shredders for re-purpose of damaged packaging
- Packaging Designer, Marketing personnel

VALUE PROPOSITIONS

For Customers:

- **Easy returns:** Convenient drop-off points for used packaging saving trips to recycling centre
- **Be sustainable:** Simple way of being sustainable without too much effort.

For IKEA:

- **Reduced Packaging Costs:** By reusing returned packaging, IKEA minimises the need to purchase new materials.
- **Enhanced Brand Image:** Attracting eco-conscious customers and improving brand loyalty.
- **Improved Customer Engagement:** Drop-off points serve as additional touchpoints to engage with and attract customers, which can drive further sales.

For the Environment:

- **Alignment with SDGs:** This initiative aligns with UN SDGs 9 (Industry, innovation and infrastructure) and 12 (Responsible consumption and production), promoting a more sustainable future.
- **Producer Responsibility:** IKEA takes ownership of the packaging lifecycle, encouraging the development of more sustainable packaging solutions in the long run.

CUSTOMER RELATIONSHIPS

This service aims to convert the local recycling experience by offering convenient reuse drop-off centers located closer to users.

- **Deposit and Return:** Users pay a deposit on packaging at the point of purchase. They choose their preferred drop-off centre for returning the packaging post use.
- **Self-Service Convenience:** Drop-off centres allow self-service for users to easily return packaging by scanning the boxes to receive their deposit refunds.

CHANNELS

- **Drop-off points:** Integrate communication at deposit locations.
- **Physical advertisements:** Tube & bus stop hoardings.
- **Packaging:** Direct communication on product packaging.
- **IKEA assets:** Utilise website, stores, and other marketing materials.

CUSTOMER SEGMENTS

- **IKEA London Customers** who buy large furniture, having to dispose off of the packaging at a recycling center (Renters, young families, young professionals).
- **Eco-conscious Consumers:** Recyclers, reusers, circular economy advocates.

Additional Segment:

- **City Councils** (for reduced pressure on waste management):

COST STRUCTURE

Fixed Costs:

- Infrastructure setup: Storage & sorting zones, scanners, shredders.
- Packaging redesign
- Campaign launch

Variable Costs:

- Logistics partnerships: Payments for expertise, manpower, and resources.
- Maintenance: Ongoing upkeep of infrastructure and equipment.
- Sorting facility personnel: Salaries and benefits for staff.

ENVIRONMENTAL VALUE PROPOSITION

Shifting from Recycling to Reuse: This program transitions IKEA from a recycling model to a reuse model, significantly reducing the environmental impact. Here's why:

- **Reduced Packaging Production:** By reusing packaging, IKEA directly contributes to the UN's Sustainable Development Goals - 9 on industry innovation and 12 on responsible consumption and production. This translates to less packaging being produced and recycled, conserving resources and energy in the manufacturing and recycling process.
- **Producer Responsibility:** This initiative shifts the responsibility of managing the packaging's lifecycle from city councils to IKEA. This fosters a more sustainable production cycle, incentivising companies to design products with reusability in mind.

REVENUE STREAMS

- **Delivery Deposit System:** Customers pay a refundable deposit at purchase for the packaging. This incentivises them to return the packaging and get the deposit back.
- **Reduced Packaging Costs:** By reusing returned packaging, IKEA reduces their overall cost of purchasing new materials.
- **Enhanced Customer Engagement:** These drop-off points serve as direct touchpoints with users, bringing the IKEA brand outside the large stores. This provides a new way to reach out to customers, potentially drive more sales, and build brand loyalty through a commitment to sustainability.