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1on1 with visionary business leaders

Electrifying the Last Mile

IKEA Ingka Group Shares their EV Fleet Charging Experience.

IKEA, founded in Sweden in 1943, has developed into a multinational furniture group with a global reputation. For the furniture giant, sustainability is not just a buzzword but a core value of their operations, making climate-neutral transport and logistic systems an important element of their endeavors. We talked to Claes Lindgren, Country Customer Fulfilment Manager at IKEA Distribution Services Austria, about the electrification of their last mile and why retail companies should invest in EV charging infrastructure today rather than tomorrow.

htb: Tell us the story behind how IKEA decided to roll out an EV charging infrastructure.

It started with a vision to create a better life for people and the planet. We are founding members of the EV100 climate group, an alliance of over 300 multinational businesses in 140 markets worldwide. The network is on a mission to achieve a world of net-zero carbon emissions by 2050. This is a global commitment guiding all markets – not just ours.

htb: What do you consider to be the primary motivation for installing charging infrastructure?

We want to be the role model and leader in this area. We will be the first major retailer in Austria to take a step towards electrification of the last mile. That could and should serve as encouragement and a challenge for others to follow.

htb: What's the current status of the rollout in Austria?

The IKEA stores in Austria are not the first to electrify our fleet within the IKEA group globally, but we will definitely not be the last. We will start our rollout in the Viennese market in August 2021 and continue from there. Our goal is to have fully covered our Austrian market with electric vehicles (EVs) by 2025 at the latest.

htb: Which business model governs the operation of your charging infrastructure and why? Did you invest in your own infrastructure, or have you leased your parking spaces to a charge point operator?

Charging infrastructure, as you know at has-to-be gmbh, varies from good to not so good to bad depending on where you are. In the Viennese metro area charging is not a challenge at all. In other market areas in Austria, it can become more challenging. We are reliant on partners – companies like has-to-be gmbh and others help us facilitate charging.

The main investment we are doing now is at our Central Distribution Centre in Vienna. We are fully investing in owning the infrastructure asset ourselves. In some of our smaller locations (what we call a 'plan and order point' or a 'meeting point'), we may choose a hybrid solution rather than owning and

installing infrastructure ourselves. Sometimes, for example, we don't own the building itself. In those cases, we may need to find a partner or a different solution. In principle, however, we like the idea of owning and investing in our own infrastructure to control our systems and steer the business ourselves.

htb: What are some of the challenges of building EV charging infrastructures at your stores?

We operate many 3.5/4-ton trucks with a high capacity, so we need ultra-fast and reliable charge cycles. We can't afford to lose time while our trucks are charging, so we needed rapid chargers.

The more we delved into this topic, the more we discovered that the charging market in Europe is very fragmented. Within IKEA Ingka Group, we have a very solid solution for the Nordics. We call this the 'Nordic solution for charging'. But in Southern Europe and even parts of Central Europe, it is very different. This means the Nordic model is not applicable to Austria. So, we have had to work locally with procurement teams to find the best possible solutions.

For us, the need for fast charging was a pre-requisite, while fragmentation of the market when it comes to the technology was our biggest challenge.

In terms of the transferability of the technology from market to market, we found that the solutions in our home market of Sweden were a bit more advanced than they might be in other parts of Europe, Austria included.

htb: What feedback do you get from your staff, customers, and community about offering EV charging?

We have intentionally chosen not to go public about the specific details yet. Our global CEO has been clear on our ambition to the 2025 goal. We have teased the market that this is coming and that we are testing. This is a very big announcement for us. The feeling we're getting from the market is that we will receive super positive feedback. I believe our customers perceive IKEA as a trusted retailer. When they see that all of our processes, including home deliveries, are done in a sustainable, safe, and responsible way, it will be very well received.

From a customer and brand value point of view, we believe in a very high level of customer engagement and potentially we could have a market share impact. If you take the internal perspective, which is equally important to us, our co-workers are hugely excited. Just as you are proud to work for has-to-be gmbh, we are also very proud to work for IKEA and it means a lot to us that we take the lead and do not wait for others to tell us what to do. So, there is a very high level of internal engagement.

htb: How important or relevant is the topic of EV charging in your POS strategy?

Our goal is to have a carbon-positive effect on the world by 2030! We've come a long way on our zero-emission last-mile deliveries, and this was a key indicator that we are the market leaders in this area. Opening EV charging to our employees and customers is part of us pulling in all areas to hit that carbon-positive 2030 goal. EV charging is just one component. Our distribution center in Vienna won an award for its rooftop solar photovoltaic (PV) panels, and we have passive heating as well. In Wels, Upper Austria, we not only have a PV panel installation on the roof but one of the first electric shunting trucks too. And

many of our retail stores are equipped with PV installations, as well. So, for us, it's not just about zero-emission last-mile deliveries but about the sustainability of all components of our operation.

htb: What advice would you give to other retailers thinking about installing charging infrastructure?

Do your due diligence and really understand your last-mile delivery business model. Consider charging capacity and the need for rapid charging. Last mile is different for each business. IKEA needs to deliver kitchens and sofas etc., and that would be very different for, say, a fashion retailer when it comes to their model.

I can only encourage retailers to be quick in their decision-making because the market is moving so fast right now.

We knew that if we didn't act, someone else would. This could have challenged the capacities and capabilities of charging hardware and car manufacturers. We might have been bumped down to a different production slot and missed out.

So, I think it is really a question of knowing what you are looking for, creating the framework, and making fast decisions. For a big company like IKEA, there are a few internal things to be put in place when it comes to a project like this – and that was the push behind us creating the model and moving fast.

htb: Where do you think the retail industry will be in 5 years' time in terms of EV charging?

There is a need for EV charging to become a lot more readily available in all areas across the country. For retailers and businesses, service companies and even those working in food and beverage areas, they either need strategic partnerships or to take action themselves. If they have a pick-up point, it is probably a smart thing to offer some type of charging infrastructure adjacent to that pick-up point so customers can charge their vehicles. This also applies to locations where people typically choose to spend half an hour or more to eat or shop. As EV ownership increases, charging infrastructure may have to be expanded in line with visitor numbers.

htb: Thank you very much for the interesting insights. We wish you continued success with the electrification of the last mile.

This interview was conducted by Louisa Russell (has-to-be gmbh) on April 20th, 2021.

About has-to-be gmbh

[has-to-be](#) paves the way for sustainable mobility. With its comprehensive EV charging solution and innovative services, has-to-be provides everything companies require to enjoy success in the field of EV charging: from the scalable operation of charging infrastructure to the end-to-end management of worldwide mobility solutions.

More than 100 employees from ten nations work at the headquarters of has-to-be gmbh in the federal province of Salzburg and its offices in Munich and Vienna. Since 2019, the Volkswagen Group has been a strong strategic partner of has-to-be.

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