IKEA – Buying, Living and Planning in a more Globalized World

Furniture as an Example for Globalisation of Lifestyles and also “global Tasks” for Urban Planning

Irene Rubitzki, Magistrat Salzburg (municipal authority of Salzburg), Abteilung Raumplanung und Verkehr (urban planning department), Schwarzstrasse 44, A-5020 Salzburg, Austria, email: irene.rubitzki@stadt-salzburg.at

1. Abstract

Some years ago only one big furnishing house within Salzburg city limits existed. When another shop opened in a small municipality in the neighbourhood of Salzburg, more and more furnishing houses followed right next to each other. Now an IKEA store will be opened in November 2003 in Salzburg. How can the city-government act with this situation? How to tackle these problems from different points of view: the investor, the consumer, the urban development planner and the regional planner.

A comparison between Vienna and Salzburg - both cities situated in Austria but with different legislative framework and stores erected at different times - demonstrates that similar problems can be solved with rather different solutions.

A general overview of IKEA shows the success of that company and the way from an European dominated company to a multi-national enterprise. Stores in China – in Beijing and Shanghai - are created at the same pattern like in Europe and – although there is a quite different way of living and housing – there will be a growing part of the (young) urban population who wants to live in an “European” or “American” way.

2. IKEA- Economical Facts and Figures

Ikea, founded in 1943 by Ingvar Kamprad, is an international company with stores in 34 countries all over the world (partly with a franchise system), especially in Europe, but also in North America, Asia, Middle East and Australia. All over the world 286 billion people visited a IKEA store last year. 118 Billion of catalogues have been printed and distributed.

The turnover for the financial year 2002 (1\textsuperscript{st} Sept. 2001 – 31\textsuperscript{st} Aug. 2002) was 12 billion Euro.

![Figure 1: Turnover for all IKEA stores in Euro](image)
Ikea employs a total of 75,500 co-workers, 62,000 of them in Europe and 10,000 in North America.

The top five countries regarding sales are:
- Germany (20 %) – with 31 IKEA-shops,
- United Kingdom (13 %) – with 11 IKEA-shops,
- USA (12 %) – with 16 IKEA-shops,
- France (9 %) – with 13 IKEA-shops and
- Sweden (8 %) – with 13 IKEA-shops.

The top five countries regarding purchases are:
- China (15 %)
- Sweden (12 %)
- Poland (10 %)
- Germany (6 %)
- Italy (6 %)

By interpreting this figures it is obvious that the last twenty years IKEA has expanded it’s position from an important European company to a multi-national enterprise with stores all over the world. Europe – and especially the rich countries of the European Union – are still the most important places regarding sales and purchases, but the importance of other world regions is significantly increasing.

3. IKEA in Vienna – The first IKEA in Austria

3.1. The Metropolitan Region of Vienna and the huge ”ShoppingCitySüd”
The metropolitan region of Vienna is situated in the eastern part of Austria. Due to the historical development the city of Vienna is a very big town for a rather small country. The city has a population of 1.55 million inhabitants and the surrounding 185 municipalities, which belong to another Austrian province, have about 0.62 million inhabitants. These municipalities are rather very small villages, only four of them are larger than 1% of the Viennese population. The last forty years the leading development took place in the south of Vienna. The small municipalities offered cheap sites – housing, industries and companies moved out of the town. The traffic increased, the highways – built by the Austrian federal government – were crowded, the public transport system – built by the municipalities and each Austrian province – ended at Vienna city limits.

On the edge of the approximately 40 km surrounding belt another capital is situated: Bratislava, the capital of the Republic of Slovakia, with about 450,000 inhabitants (2000).

In Austria and even in a European context the metropolitan region of Vienna is a very successful region. The rate of unemployment is rather low 4.0% (2001) in comparison with the average of the European Union (7.4%). The GDP of the region is 56% above the average of the European Union (Statistik Austria).

Figures 3: The site of SCS with IKEA in the Vienna Region
The Shopping City Süd (SCS) is situated 3 km south of Vienna city limits in a rather small village called Vösendorf. In the 1970’s the owner of the SCS wanted to build a shopping centre in Vienna. Due to different opinions about the development of the SCS between the owner and the municipal administration, a site was found in Vösendorf directly beside the B 17, a main road, and after some years an access of the A 2 (motorway) was built to connect the SCS directly with the motorway.

In 1973 when the SCS was developed, the site was fallow land. The municipality of Vösendorf welcomed the development of the SCS due to the new jobs for the people in this area and the taxes they expected. At this time there was only one note of protest, after some years and the further enlargement of the SCS several citizen action groups were formed. Ikea was opened in 1977 and – after an extension in 2001 – it shows now a total of 37,600 m².

In Lower Austria, the Austrian province which Vösendorf belongs to, it was rather easy for a municipality to change the land use plan in the 70ies. Only a simple land use plan was set up by the municipality. The administration of Lower Austria approved the land use plan. In this connection the prospect of new jobs was very important for the small agricultural dominated municipality. The position of the developer in negotiations with the municipality was a very strong one which is also a very important difference between former negations with the big municipality of Vienna.

In the 80ies and 90ies of the last century the SCS was the biggest shopping centre in Europe. The SCS had two magnets, the IKEA-store and a food-supermarket. During that period SCS extended several times: the “Blue Lagoon”, a shopping centre for prefabricated houses, the Motorcity, a shopping centre for cars and a Multiplexx-Center with nine screens and about 2,200 seats and several pubs followed. Today it is a “perfect” mixture between shopping and entertainment, with about 100,000 m² shop-floor and a parking space for 10,000 cars. The architecture of the buildings has not been a matter of concern neither of the developers nor of the municipality.

Near the SCS runs the border to the next municipality called Brunn am Gebirge. The politicians of this small town recognized the development in their neighbourhood and built several big shops next to the SCS among them another big furnishing store.

The problems of the development for the region are:

- The site is situated on the perimeter of the urban area of the Metropolitan Region of Vienna.
- The traffic is extremely increasing and the national motorway (A 2) is becoming a street crowded with local traffic – about 60,000 visitors a day means about 32,000 cars a day in an area which is already highly stressed by traffic congestion.
- It’s rather impossible to reach the shopping centre by public transport. By this way the municipality of Vienna is not keen to make a shopping centre out of their city limits attractive.
- The air pollution and the noise caused by the increase of road traffic reduces the quality of life.
- The landscape scenery is changing.
The main Shopping streets in Vienna have to cope with economic problems – Due to the traditional way of the urban development in Vienna there are several main shopping streets in the town.

3.2. Legislative and Administrative Framework for the SCS and IKEA in the 70ies in Lower Austria

In Austria legislation and execution of urban and regional planning is in the autonomous responsibility of the provinces. Lower Austria is one of these nine provinces in the federal republic of Austria. These provinces enact urban and regional planning laws and they are responsible for planning on a regional level. In addition to that they regulate the procedure of the enactment of regional plans.

The local government has a great autonomy in Austria: The municipal council has the power and duty to enact the local development scheme and the land use plan. The local development scheme lays down the long term development of the municipality at a general stage within a 10-years horizon on a scale of 1:10.000. The land use plan determines the permissible use of land and divides the municipality’s territory into three main zones: building land, green land and traffic areas. These plans have to accord to the province’s urban and regional planning law and the existing plans on regional levels. They are verified by the province’s supervisory authority.

In total, local government has a great autonomy, as long as they act within the limits set by the higher planning authority by the province.

In the 70ies the land use plan only set up “building land”, therefore it was rather easy to build a shopping centre.

Nowadays the urban and regional planning law of Lower Austria (NÖ Raumordnungsgesetz 1976 i.d.g.F.) – as well as in other provinces of Austria – is much more specified: It has a special zone for shopping centres, it also distinguishes between shopping centres selling food or non food. A shopping centre is defined with more than 1.000 m² gross floor area. Before getting the permission to construct the building the implications of the shopping centre have to be investigated by a special urban- and regional-planning-assessment (effects on traffic, on economic situation of other shops and shopping streets, on the structure of the surrounding towns and their city-centres, on soil and the existing buildings around). After getting the relevant permission the land use plan can be changed. The developer has to obtain only ONE permission from the local municipal planning department, if his project is smaller than 10.000 m² or a parking place for less than 1.000 cars. If the project is bigger, he has to obtain an environmental impact assessment (compare with Salzburg).

4. IKEA in Salzburg – A new Shop is going to be opened

4.1. Salzburg, a famous small Town

The town of Salzburg, which is the capital of the Austrian province also called Salzburg, is situated next to the Austrian and German border. The town has about 145.000 inhabitants (2001), the region around Salzburg called “Euregio Salzburg” has about 620.000 inhabitants (in Austria and in Germany). Salzburg is the fourth biggest town in Austria. Tourism is very important for the town. In 2002 there were nearly 1,7 billion of overnight stays. Tourists come to visit the baroque centre of Salzburg and the fantastic landscape formed by two hills next to the centre. The Salzburg Festival, a classic music festival, is known all over the world.
Photo 1: Historic view of Salzburg, Salzburg tourism

Around Salzburg are some lakes for doing water sport in summer. South of Salzburg many hills and mountains make a fantastic scenery. Sports like climbing and skiing are very popular and tourists can combine a cultural visit with sport.

Due to its historical important situation next to Germany, Salzburg is a prosperous town, with a low rate of unemployment (3.9% in 2001) and a rather high GDP, which is 30% above the average of the European Union (province of Salzburg).

Figure 4: The sites of IKEA and other furniture stores in Salzburg
4.2. Trade with Furniture in Salzburg

Seen in the light of history there have been cabinet-markers and local department stores for furniture in the town and in the region around Salzburg, so the market was mainly locally orientated and taxes stayed in the region. Until 1992 there was only one big furniture store in Salzburg and its surrounding area, called “Leiner” (18,000 m²), an Austrian department store which was founded in 1910 and started to open big department stores for furnishing in nearly all capitals of the Austrian provinces.

In the early 90ies the furnishing department stores increased extremely. There was a trend in Salzburg (and other cities) which can be described as follows:

- Many department stores for furnishing set up on big sites one next to the other – so that consumers can drive from one store to the other.
- The sites were situated in small villages next to towns – so the position of the investors to the local government and the mayor was naturally a very strong one.
- The sites were situated next to the motorway (“A 1”) and the main road (“B 1”) and their huge advertisement could be seen from the motorway and main road.
- The time to reach these shopping centres was about 20 minutes from the city-centre.
- It’s nearly impossible to reach the shopping centres by public transport or even by bicycle (In Salzburg about 20 % of all ways are made by bike). – Specially for the employees – many women, with low income, often part-time workers – this represents a problem.
- The small municipalities have the benefit of the taxes paid by these big employers, while the surrounding region suffers from all disadvantages.

The agricultural dominated municipality “Eugendorf” - next to Salzburg - increased:

<table>
<thead>
<tr>
<th>Year</th>
<th>Inhabitants</th>
<th>Employees in the area of the municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>2,539</td>
<td>522</td>
</tr>
<tr>
<td>1981</td>
<td>3,861</td>
<td>1,195</td>
</tr>
<tr>
<td>1991</td>
<td>4,889</td>
<td>1,734</td>
</tr>
<tr>
<td>2001</td>
<td>6,118</td>
<td>2,466</td>
</tr>
</tbody>
</table>

Many department stores for furnishing settled down in Eugendorf in the neighbourhood of the access of the motorway:

- “Lutz” 1992 with 15,000 m² and an extension in 2001 with 28,000 m²,
- “Möbelix” with 3,100 m² and “Ambiente” with 2,100 m²,
- “Kika” 1994 with about 15,000 m² - and an extension in 1999 (20,000 m²),
- “Möbelhof” in 1994 with 800 m² and
- “Team 7” 1996 with 1,000 m².

4.3. Europark Salzburg and IKEA

Other towns have to struggle with similar problems like they are described for Vienna. Huge shopping-centres in great distance to the town-centre, loss of purchasing power in the town, traffic problems around the shopping-centres, loss of taxes for the municipalities…

So the town of Salzburg decided to go a different way. In 1994 its urban planning department initiated a competition for planning a shopping centre next to the town-centre and next to the motorway. An international successful, italien Architect, Maximiliano Fuksas won the
competition and realized the building: In 1997 Europark with 30,000 m² and with more than 80 shops and 3,000 parking lots was opened. The magnets are a food-supermarket, a supermarket for electronic tools, some international fashion shops like H&M and big sports stores. Fuksas is now planning an extension of Europark with 20,000 m², about 35 new shops and about 1,200 parking lots which will be opened in 2006. A new road combining Europark II and IKEA with the motorway will also be built.

IKEA is going to open the new store on the 19th of November 2003 in Salzburg next to Europark. IKEA is the first furniture store to be opened since 1992 which is situated within the municipal borders of the town of Salzburg. Public transport (buses and in 2006 a local train-station) and cars are no problem. The streets from the access of the motorway to the shopping centre are extended. Due to the short distance to the residential area (partly behind the railway) an information campaign has been executed and the representatives of the action group are informed about all important steps of the extension of the shopping centre.

The shop-floor will be 15,000 m², the usable area about 24,000 m², the gross area 51,500 m² and the site is about 33,250 m². About 800 parking lots will be built mainly in an underground car park.

4.4. Legislative and Administrative Framework of Europark and IKEA in Salzburg at the Edge of the Century

The legislative and administrative framework of the province of Salzburg reacted in 1999 to the situation, that shopping centres were increasing to a large extend. Before building a department store the developer has to obtain a decree by the government of the province. The urban and regional planning section checks the effects of a project on the regional and local trade, the supply for the local people, the effects on the labour market and the traffic. Since 1999 about twenty of these decrees have been made, the biggest of them was IKEA with 15,000 m² of selling area. The second place in this ranking will be the enlargement of Europark (12,250 m²).
This decree is the job of the urban and regional planning department of Salzburg (province). But this is only a part of a big decree the investor has to obtain. Due to the legislation of the European Union in 1996 the environment impact assessment was introduced by law of the Austrian Republic. For every building project of a department store with a parking area exceeding 1,000 cars or a site with an area exceeding 10 ha, the investor has to explain his project and all possible effects on the environment during construction, business and in case of an emergency. For once the developer has to put in greater effort at the beginning of a project, on the other hand the new legislation says that administration has to be based on the “one-stop-shop-principle” for the developer. This means that all decrees he has to gain are concentrated in one section and this reduces large bureaucracy. For example, the trade authority of Salzburg province is the office, which carries out the whole environmental impact assessment.

5. Comparison between IKEA Vienna and Salzburg

In comparison with the IKEA stores in Vienna (opened in 1976) there are some important differences to IKEA Salzburg (which will be opened in 2003):

- IKEA Salzburg is situated within Salzburg city limits. First of all this is important for the revenue of taxes of the town. In Vienna IKEA is situated in a small municipality which belongs to Lower Austria, another Province of Austria.

- IKEA Salzburg is not far away from the city-centre and it is situated at the border of the densely built-up area. In Vienna it is situated about 20 km far away from the city-centre on a “green field”.

- There is a bus route which is connecting Europark and IKEA with the town-centre. A local train station will be opened in 2006. In Vienna there is a special only privately run IKEA-bus-route from the town-centre directly to IKEA.

- When IKEA decided to go to this site in Salzburg, a very successful shopping centre with several different magnets was already existing. Europark is a shopping centre which has been opened in 1997, IKEA is going to open the shop in 2003. When the Vienna SCS was opened IKEA and a food-supermarket were the two magnets of the Shopping Centre.

- A unified planning system can help to reduce administrative obstacles. Different legal systems and strong administrative borders can complicate co-operation, as we find it in Vienna. Municipalities that are governed by different political parties have not only to deal with different positions in a region but also with different policies to solve them.

- The various parties that co-operate (urban planning department, regional planning department of the province, investor…) in Salzburg are of similar-size and this makes cooperation easier while in Vienna the parties are quite different.

- Early on the extensions of the store Europark and IKEA Salzburg is informing the action groups about the next steps.

- Architecture is important in Salzburg especially for Europark but also for IKEA – The architecture starts with the urban development concept and leads to all details. In Vienna the SCS has been extended several times so that the whole area around IKEA looks a little bit like an always growing appendix.
Facts which are similar between IKEA in Vienna and Salzburg and nearly all other IKEA stores:

- IKEA is situated next to the Motorway with an access.
- Advertisements can be seen from the Motorway.
- The creation of the building are quite similar.

6. IKEA in Beijing

China is the most important purchasing country for IKEA. By becoming an international company IKEA started in 1998 with the first stores in China. In Shanghai a small store was opened (8,000 m²) and a second one in Beijing with 15,000 m².

In 2000 IKEA Beijing sold only one percent of the turnover from IKEA enterprises, but a market with 20 percent of the people of the world is very interesting for the most successful furniture store in the world.

To begin with it has to be mentioned that the traditional way of housing is in China completely different to the European one. But even in metropolitan areas like Shanghai or Beijing people are not used to this way of living. Many furniture – the articles are the same like in all other IKEA stores - are to large for the small flats or the apartments people are living in. The average living space of people in a Chinese city is 10 m², in the countryside it’s only 5 m², while in Vienna actually it’s 39 m².

Most of the furniture are also rather expensive for people with an average income and often people don’t know how to use "European styled" furniture. What’s the advantage of a spoon, a fork and a knife instead of chopsticks? Why are European kitchens so large?

So furniture represents not the main part sold, but the sale of the small assessors, like kitchen utensils, vases, picture-frames and so on.

IKEA has only fixed prices, that’s also unusual for stores in China.

People like the relaxed atmosphere of IKEA. They are not forced to buy anything at all. There are many people who only want to see the products and perhaps they test the quality. At weekends the relation between customers and visitors is in average about 1:4.

The market for housing articles and furniture is an rapidly increasing in China. It has become very fashionable to have some goods from IKEA. The fact that there are numerous copies of IKEA articles by local companies shows how popular the “IKEA style” meanwhile is.

By reading the homepage of IKEA Beijing (www.ikea.com.cn) it was astonishing to see some different points: It is described, how to prepare for a / the first visit at IKEA (take measures, make a list...), how to shop (take a yellow bag, look at the price tag but don’t take it with you...) and how to pay.

Beijing IKEA store is located at the north-eastern part of the Madian flyover on the north 3rd ring road, with very convenient public transportation. Three Bus-lines are stopping right next to IKEA.
Facts which are similar between Salzburg, Vienna and Beijing are mentioned once again:

- IKEA is situated next to the Motorway with an access.
- Advertisements can be seen from the Motorway.
- The creation of the building are quite similar.

7. Conclusion

7.1. Renaissance of European Planning Tradition?
The Austrian examples show that meanwhile the European planning systems have reacted to the development of the 70ies. What we also see is that mistakes of the past are hard to correct or in other terms: how important regional planning with a long view is. It can be seen as a "symbolic act", that exactly the international company that started the movement of the large scale shopping facilities out of the city limits in the Vienna Region is the first one to "re-enter" the city limits in Salzburg.
Do we see the renaissance of European urban planning tradition?

7.2. Global market without local Adoptions?
It will be very interesting to observe how IKEA performs in China and in other countries. One of the most interesting questions will be what happens first:

- Will people in China adopt their lifestyles to IKEA furniture or
- will IKEA adopt its store concept to local needs?
8. Sources

DALLHAMMER, Erich: The Ikea Factor, Driving Elements of the development of shopping centres at the edge of European metropolitan regions, CORP – International symposium on information and communication technologies in urban and spatial planning and impacts of ICT on physical space, 2003, pages 443 – 450, ISBN: 3-901673-09-1, Vienna, www.corp.at


Land Salzburg: Arbeitsgruppe, Richtlinien für Handelsgroßbetriebe, Abschlussbericht, 2002, Salzburg

NÖ Raumordnungsgesetz 1976 i.d.g.F., urban and regional planning law of Lower Austria, St. Pölten


Salzburger Raumordnungsgesetz 1998 i.d.g.F., urban and regional planning law of Salzburg, Salzburg


UVP-G, Umweltverträglichkeitsprüfungs-Gesetz 2000 i.d.g.F., environmental impact assessment law of Austria, Wien

WENDEROTH Andreas, Der lange Weg zu Billy, GEO 1/2002, pages 162 - 174

www.oestat.gv.at