

BUSINESS**Committed to invest:**

Singapore-based Ikano, which has received the franchise rights for opening Ikea home-furnishing megastores, has shown its commitment to invest in Thailand despite the economic and political difficulties.

IKANO GROUP

IKEA MEGA-STORES COMING HERE SOON

First will be anchor for new Bang Na mall

KWANCHAI RUNGFAPAISARN
THE NATION

Singapore-based Ikano, which has received the franchise rights for opening Ikea home-furnishing megastores, has shown its commitment to invest in Thailand despite the economic and political difficulties.

The company plans to open at least three Ikea outlets in Bangkok in the next 10 years, said managing director Tom Huzell.

Wholly owned by Luxembourg's Ikano Group, the Singaporean subsidiary now has the franchise rights for Ikea stores in Singapore, Malaysia and Thailand.

Ikea is one of the world's biggest retail chains for home-furnishing products, with more than 300 stores in 35 countries.

"We see Thailand as a great potential market," Huzell said.

He called Thailand a fantastic supplier country, one that is a strong, skilled production base for home-furnishing products. Ikea purchases Bt5 billion worth of furniture products annually from Thailand as part of its global sourcing strategy. The opening of Ikea stores in Thailand will encourage local suppliers to access Ikea's global market.

Huzell said Singapore was now ranked 12th globally for Ikea in number of visitors, and Malaysia fifth. "We expect Thailand to take a top-ranking position for Ikea, as well."

Huzell said each store would cost €80 million (Bt3.76 billion) to open, occupy 35,000 square metres of retail space and carry 9,500 products.

The Ikano subsidiary and Siam Future

Development yesterday announced a new joint venture called SF Development, which will build a Bt10-billion shopping complex called Mega Bangna, featuring the first Ikea store and expected to create 20,000 jobs.

The first Ikea will be in Mega Bangna, located on Bang Na-Trat Road Km 9, near the Kanchanaphisek Outer Ring Road.

Huzell said that in accordance with the Foreign Business Act, Ikano would own only 49 per cent of the new joint venture. Siam Future will own another 49 per cent and local furniture-maker SPS Global Trade the rest.

SPS has supplied home-furnishing products to Ikea for more than 20 years.

Siam Future Development CEO Nopporn Witoonchat said the Mega Bangna shopping complex would consist of 400,000 square metres on 290 rai of land. Construction of the mega-complex will start in the third quarter, with opening scheduled for no later than the first quarter of 2011.

The Mega Bangna complex will cost Bt10 billion, consisting of Bt3 billion for the land and the rest for construction. Its catchment area - a radius of 40-50 kilometres of radius from the venue - will cover 14 million people. The complex is expected to attract 40 million shoppers annually.

"Mega Bangna will open by 2011, and we expect it to break even in 10 years," said Nopporn.

Huzell said Ikano now operated two Ikea stores in Singapore and one in Malaysia.

"We are also interested in opening Ikea stores in other potential markets in this region, such as the Philippines, Vietnam and Indonesia," he said.