FUTURE SCENARIOS OF IKEA SHOPPING

CENTRES RUSSIA FOR 2020

Artem Gvozdikov

Bachelor's Thesis
February 2014

Degree Programme in International Business

School of Business and Services Management

JYVÄSKYLÄN AMMATTIKORKEAKOULU
JAMK UNIVERSITY OF APPLIED SCIENCES

JYVÄSKYLÄN AMMATTIKORKEAKOULU
JAMK UNIVERSITY OF APPLIED SCIENCES

Author Gvozdikov, Artem	Type of publication Bachelor´s Thesis	Date 03.02.2014
	Pages 65	Language English
	Confidentiality 1.1.2025	Permission for web publication (X)

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Degree Programme in International Business

Tutor
Saukkonen, Juha

Assigned by
IKEA Shopping Centres Russia

Abstract

This study aimed at developing scenarios for IKEA Shopping Centres Russia to help the company to be prepared for the future challenges and understand its own role and functions in the future.

The theoretical background consists of an overview of the shopping centres industry, its past and present situation in Russia. In addition, methodologies of the future research and the PESTEL analysis were studied in order to understand the research tools and methods used in this study.

As this thesis is mostly based on the qualitative research, the focus group method was scrupulously explained for the reader. The focus group interviews were conducted in December 2013 with 7 participants. They were business professionals from the headquarters of IKEA Shopping Centres Russia in Moscow.

As a result, the author was able to construct a proficient PESTEL analysis, find and describe the consequences of the most influential trends on the performance of IKEA SCR by 2020 and write three future scenarios for the company.

The results of this research are confidential. The confidentiality issues concerning this thesis were agreed on with the student, JAMK University of Applied Sciences and IKEA Shopping Centres Russia. The thesis committee of JAMK University of Applied Sciences can find the results of the research in the appendix 3 for the evaluation of this thesis.

Keywords
Shopping centres industry, PESTEL analysis, future research, trend, scenario, Futures Wheel method, focus group interview

Miscellaneous
Appendices are confidential until 01.01.2025.

CONTENTS

A LIST OF TABLES AND FIGURES

A list of tables and figures of this research is partly **confidential**. The confidentiality issues of this thesis are agreed with the student, JAMK University of Applied Sciences and IKEA Shopping Centres Russia.

1   INTRODUCTION

1.1 Background

Businesses use futures methods to enhance understanding of future markets and visions. Future visions can help generate long-term policies, strategies, and plans, which help to bring desired and likely future circumstances in closer alignment. The use of futures methods enhances anticipatory consciousness, which in term improves the foresight to act faster or earlier making the organization or individual more effective in dealing with change. The ability to anticipate gives extra time to better understand threats and opportunities, develop more creative strategies, create new product opportunities, and create and share vision for organizational change (Glenn 2010, volume 1).

In this work IKEA Shopping Centres Russia assigned the author to predict future development scenarios of the company by the year 2020.

The author is highly motivated to be engaged in the writing of this paper. He likes the company itself and wants to support decision making in the strategy formulation "IKEA 2020". Furthermore, the author was in the role of a summer intern in IKEA Shopping Centres Russia in 2013. He had a unique opportunity to get to know the company's business processes as well as to acquire some real understanding of the shopping industry. In addition, the author is proud to write this study for such a big and developed company as IKEA Shopping Centres Russia. The author is glad that the company gave an opportunity for him to apply gained knowledge and experience from the international business study program into the real business task.

The structure of this thesis starts with an introduction. After it, there is an overview of the shopping centres industry in Russia presenting the nature of a shopping centres industry, history of trade and shopping centres development in Russia after the collapse of the USSR, current key shopping centres operators in Russia and current situation in the industry. An overview is followed by the PESTEL analysis and future research methodologies. After it, the part of the implementation of the research describes how the research was conducted. In the end, the results are presented showing PESTEL

analysis results, focus group interviews results and scenarios. The conclusion part sums up the work.

It is new both for the researcher and for the company to deal with the prediction of future. The author implies that his work will be important for the company and is sure that this work is extremely important for his own professional growth, because this study helps to understand the market in which the author wants to work. Furthermore, the results of the assignment from IKEA Shopping Centres Russia are very valuable for CV and future career prospects.

1.2 Company information

IKEA Shopping Centres Russia (IKEA SCR) is a part of IKEA Group in the Russian Federation. IKEA SCR started its business in 2000. It is the largest shopping centres operator in Russia. It comprises the shopping centres development arm of the business – creating retail flow in Russia. IKEA SCR manages 2 million square meters GLA (gross leasable area), 2500 advertising objects and annually serves 227 million visitors in Russia.

IKEA SCR operates 14 malls under the MEGA brand name with 200 leading Russian and international retailers per centre on average. Each MEGA mall is uniquely put together with an IKEA store. In addition to it IKEA SCR owns and operates an A-class Business Park in Moscow region.

The company's portfolio covers regions with the highest density of population, generating an exceptional number of visitors and making IKEA SCR a natural launch pad for retailers. MEGA malls are located in Moscow, Saint-Petersburg, Novosibirsk, Yekaterinburg, Krasnodar, Nizhniy Novgorod, Omsk, Ufa, Samara, Rostov-on-Don and Kazan.

The recognition rate of the MEGA brand in Russia is 97%.

1.3 Research problem and research questions

Research problem in this study is related to a business decision issue and it is a tool for finding out what the decision maker needs or wants to do. The management team of the company is interested in seeing what future of IKEA

SCR in Russia will be like. IKEA SCR is also interested to know the past and present situations in the field of shopping centres in Russia. Though IKEA SCR is forming its business 2020 strategy internally by means of its own resources, it also agreed to have an additional research done by the author. Research questions are the following:

1. What are the political, economic, social, technological, environmental and legal factors that form the macro-environment of IKEA SCR?

2. What are the most influential trends in the performance of IKEA SCR by 2020, their descriptions and consequences?

3. What are the three possible scenarios for IKEA SCR by 2020?

2 AN OVERVIEW OF THE SHOPPING CENTRES INDUSTRY IN RUSSIA

This section deals with the nature of the shopping centres industry, the development of trade and shopping centres industry in Russia since the collapse of the USSR, the key market players and the current situation in the industry. The material is based on the expert articles, books and statistical sources. It is necessary to understand past and present to get to know future prospects. It is also essential to understand the present situation in the Russian market as it is unique and complex.

2.1 Nature of the shopping centres industry

The shopping centres industry is a part of the commercial real estate industry, which refers to buildings or land intended to generate a profit, either from: capital gain or rental income. Shopping centres are traditionally categorized as retail commercial real estate objects (Vernor 2008, 7).

To the view of the author, the shopping centres industry usually includes planning and design, operations and management, facility services, construction, leasing and tenants' management, marketing, logistics and trading, finance and other various activities and departments. The also noticed

that distribution centres and even production factories are sometimes included in an industry overview. As a rule, shopping centres are managed by the shopping centre operators (or also called developers). The shopping centres operator develops, manages (sometimes owns) various shopping centres of its portfolio and constructs new ones. Currently, in author's opinion, the Russian shopping centres industry is in the developing phase where many changes occur.

The Urban Land Institute (2008) defines a shopping centre as "a group of commercial establishments planned, developed, owned, and managed as a unit related in location, size, and type of shops to the trade area it serves. It provides onsite parking relating to the types and sizes of its stores". Thus, a shopping centre is more than a collection of retail outlets. It reflects a unified architectural design and site plan. Ample parking is planned to facilitate a desirable flow of pedestrian traffic, while the delivery and service areas are hidden from customers. A shopping centre also features sign control, landscaping, and unified management policies, usually developed through a merchants' association. The retail and service tenants are selected for merchandising balance and interplay. The entire project strives for a synergism beyond the underlying retail and service activity, with percentage leases used to capture some of the value created for the owner and operator (chapter 1).

Another specific term that is important to mention is GLA. According to Vernor (2008), gross leasable area (GLA) is the total floor area designed for tenants' occupancy and exclusive use, including any basements, mezzanines, or upper floors, expressed in square feet or square meters and measured from the centerline of joint partitions and from outside wall faces. Because GLA lends itself readily to measurement, the shopping center industry has adopted it as the standard for statistical comparison (p.4).

It might be concluded that proper development and management are crucial to any shopping centre. The author thinks that a shopping centre is a business enterprise involving the entrepreneur as a creator, arranger, and coordinator. How well the entrepreneur plays this role influences the success of the project. Ongoing management and leasing are equally critical to the long-term success of the project for all those involved.

The author underlines that the aim of a shopping centre and the whole industry is to create retail flow and generate money out of it. Most part of the revenue largely comes from trading and rent margins. The shopping centre management serves both tenants and end-customers. In the case of IKEA SCR, the end-users are families.

There are many types of shopping centres nowadays. Vernor (2008) defines traditional and nontraditional shopping centres types. The traditional ones accentuate convenience, open-air, neighborhood, community, regional, and superregional types. Nontraditional types feature lifestyle, festival, fashion, off-price, outlet, discount, power and hypermarket types of the shopping centres (p.3).

2.2 History of trade and shopping centres development in Russia after the collapse of the USSR

Year 1991 – year 1992. Genesis of free trade.

The dissolution of the Union of Soviet Socialist Republics (USSR) was formally finalized on 26 December 1991 by the declaration № 142-H of the Soviet of the Republics of the Supreme Soviet of the Soviet Union. A new country with a new society and new economy was established – Russian Federation.

Two important laws were adopted by the new Russian government in 1992 concerning the trade: the president's declaration "About the steps on the liberalization of prices" and the president's declaration "About the freedom of the trade". According to Monin (2010) in result of these declarations, 90% of the retail and 80% of the wholesale prices were out of the government regulation besides socially important ones like milk, bread and public transportation. Russian public became very active in the entrepreneurship activities. The customs duties for import were cancelled and it was a start of the uncontrolled open-air market trade.

The social and the economic landscapes, to the view of the author, were much destroyed. Many people just did not believe that USSR collapsed. In real life prices in shops went up rapidly. There is no information for this period of time about inflation. Nevertheless, the author thinks that it was much higher

than 100% official inflation rate in the recovering year 1995 (Russian statistics Rosstat, 1995).

The author mentions that it is obvious that the inflation destroyed population savings and industry capital. The dissolution of the USSR stopped the work process of the whole soviet economic system. Many factories stopped working across the country, unemployment rate was extremely high, there was little amount of products in the shops. In such conditions, the trade speculation was allowed and many people started to be involved in jobs related to trade as many other jobs were shortened. Many people were buying products in one part of Russia and selling in another for higher prices. Some individuals started to buy products abroad. Kapralova and Karaseva (2005) state that the most popular countries for purchasing were Turkey, Finland, Poland and China (p.15).

Year 1993 – year 1997. Trade boom. On the way to civilized trade.

At this period of time, the trade sector became very profitable activity in Russia. For example, the trade area in the open-air market in Moscow cost 10–30 dollars a day, while the turnover of one trade point was about 18 000 dollars a month, in the regions – about 7 000 dollars a month. The margin was constantly at the rate of 100-200% (Monin 2010).

The author implies that the year 1994 was the year of "shuttle trade" or "chelnoki" in Russia. The shuttle trade refers to the activity in which individual entrepreneurs buy goods abroad and import them for resale in street markets or small shops. Often the goods are imported without full declaration in order to avoid import duties (OECD statistics portal, 2002).

According to Kapralova and Karaseva (2005) "chelnoki" abundantly supplied the population with Chinese textiles, Turkish leather products, bathroom and sanitary products from Finland, different sporting sneakers, jeans, second-hand products from Europe and many other products from different destinations. In 1995 – 1999 the quarter turnover of shuttle trading reached 3 billion dollars that was about one-third of the whole Russian import. Officially registered import was at the level of 1.5 billion dollars (p.7).

The author assumes that at this time the retail sector and shopping centres started to develop rapidly. One of the first retailers was Sedmoy Continent. In 1994 the company opened several shops in Moscow which worked 24 hours a day and sustained good product flow in the shop. It was interesting, that goods were sold in packages, not by pieces. Because of the high profitability of the shuttle trade, the infrastructure started developing – tourism and transportation services, hotels, warehouses. However, most of the money was still in the grey area of the economy.

Monin (2010) also states that in Moscow, where most cash flow of money was operated, the construction boom started. With a great demand for construction materials construction markets started developing. People started to believe in good life with good houses. One of the first construction shopping centre was Starik Hottabych which was clean, organized and had relatively good service for that time. It was very popular.

Kapralova and Karaseva (2005) imply that big Russian cities with more than a million populations developed the trade fastest because there was a high demand and opportunity to trade with foreign markets. In the north-west of the country, the biggest trade centre became Saint-Petersburg. This city had a seaport and a good road connection with Europe. Such positioning of the city allowed good trade opportunities through Finland for many people. Finland became a comfortable logistics base for many computer vendors. Other centres of trade development became Vladivostok city as a seaport in the Far East; Rostov-on-Don, Krasnodar and Novorossiysk near Black sea; Moscow as a capital and aviation centre (p.14-15).

Monin (2010) concludes that the huge impact for the development of the retail was made by foreign companies. First shop with foreign input was supermarket Ramstor. It was opened in Moscow in 1997 and owned by Turkish Migros and ENKA. However, its popularity was not high due to the same development of supermarkets Sedmoy Continent and Perekrestok.

Year 1998- year 1999. Big crisis.

The author states that till the year 1998 the Russian contemporary trade development made the first steps to the civilized format of trade. In August 1998 a huge financial crises collided the new Russian economic system that

was created in the 90s. The author thinks that the main question for the trade development was either political system crashed all the prosperities and savings of citizens again as it was in 1992 or politics would sustain the economic stability. To understand the scale of the catastrophe, it is known from Russian statistics (Rosstat, 1998) that the exchange rate of US dollar to ruble raised six times, and the stock exchange index RTS felt 7 times. The government of Sergey Kirienko was resigned and the new parliament was changed 3 times in one year. The country was in the situation of the default. Most of the entrepreneurs just could not pay their debts to the foreign partners. Many companies went bankrupt.

Main lesson for the traders was the understanding of diversification phenomena. Many companies started to work with retail, discounter stores, and logistics operations. The most important store format was the discounter – a shop with low prices, the suitable close placement, the base product range, the guarantees of the products quality and good customer services. The assortment of such shops was limited and the GLA was till 1000 square meters (Monin 2010).

In this period of time, to the view of the author, the company owners and managers first thought about the company's strategies and modeling. The revolutionary franchise system first started to be applied. Human resources were started to be learned and developed. The shopping process first included different clothes departments under one roof since the collapse of the USSR.

Year 2000-2013. Recovery.

Since 2000 the political, economic and social landscapes started to change significantly. The author thinks that many businesses and individuals got more opportunities for self-development. For many people, the development of the country was linked with the name of the new president Vladimir Putin. The author also implies that the recovery for the trade was largely connected with the rise of the average monthly salary of the population. People were able to work, earn money and started to dream about a better future. Most of the population wanted better houses and better products.

Monin (2010) thinks that in order to meet the huge demand, many international retail companies started their operations in this period of time. To name a few, IKEA started its own business in the Moscow oblast in 2000, Metro Cash&Carry (Metro AG) in 2001, Auchan opened its first store in 2002. European quality was in great demand. People were no longer in need to go abroad to buy import products that were so popular.

The author adds from his own experience that the IKEA Group not only started with trade but also with production in Russia. IKEA also created the MEGA brand for shopping centres and created fashion options for many Russian citizens. The company offered the public the opportunity to choose and assemble the products themselves. The showrooms at the MEGAs were a surprise for many Russians. People started to go shopping with their families which made MEGA a family shopping brand in Russia.

During crisis year 2008, many retailers and shopping centers operators put emphasis on the entertainment that was so scarce in the regions. Monin (2010) mentioned that not only did Moscow and St. Petersburg want shopping opportunities with quality standards but also other big Russian cities like Yekaterinburg, Novosibirsk, Omsk, Kazan and others. Therefore more international brands appeared there too.

The author concludes that at the period from 2001 to 2008 it was a growth story with international retailers entering the market, the retail turnover volume increasing and quality retail schemes being applied in big cities. In 2008 there was a crisis: many construction projects were cancelled; retailers began targeting regional markets; shopping centres became larger and had more entertainment space. However, from 2012 onwards there has been again a tendency for retail turnover and shopping centres industry to grow. New generation shopping centres have been built in some regional Russian cities. The author is sure that the trade itself still remains a very profitable activity in modern Russia.

For the timeline, key figures and happenings, please see the figure below.

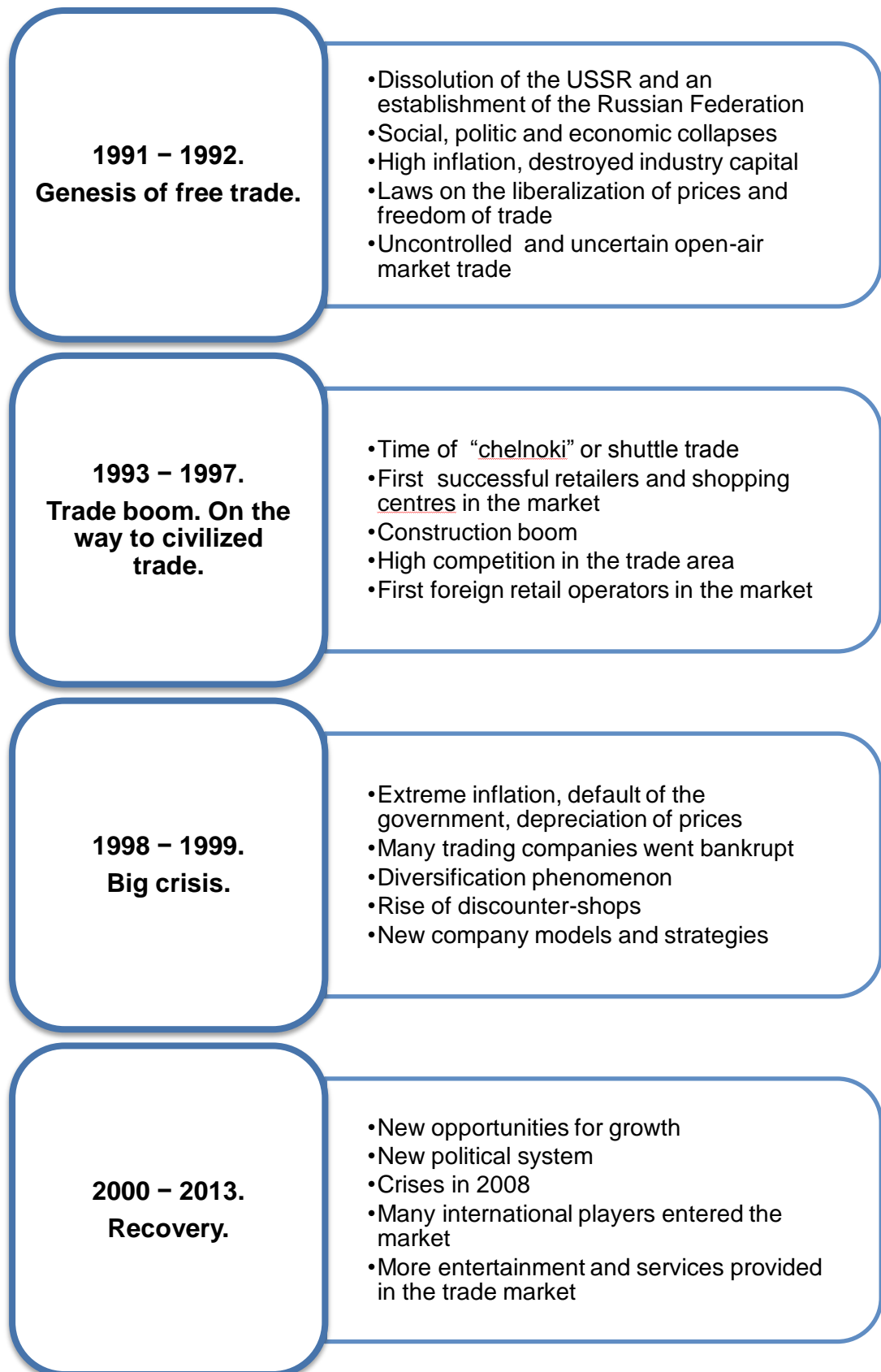| 1991 − 1992. Genesis of free trade.	• Dissolution of the USSR and an establishment of the Russian Federation • Social, politic and economic collapses • High inflation, destroyed industry capital • Laws on the liberalization of prices and freedom of trade • Uncontrolled and uncertain open-air market trade
1993 − 1997. Trade boom. On the way to civilized trade.	• Time of "chelnoki" or shuttle trade • First successful retailers and shopping centres in the market • Construction boom • High competition in the trade area • First foreign retail operators in the market
1998 − 1999. Big crisis.	• Extreme inflation, default of the government, depreciation of prices • Many trading companies went bankrupt • Diversification phenomenon • Rise of discounter-shops • New company models and strategies
2000 − 2013. Recovery.	• New opportunities for growth • New political system • Crises in 2008 • Many international players entered the market • More entertainment and services provided in the trade market

Figure 1: An overview of the history of trade and shopping centres development in Russia from 1991 to 2013.

2.3 Current key shopping centres operators in Russia

To introduce the competitive arena in the industry, the annual Russian rating of the leading developers of shopping centres INFOLine Developer Russia TOP-100 2012 was chosen as a source of information. It presents the leading 100 shopping centres operators of the shopping centres in Russia by the GLA parameter in 2012. The INFOLine rating specialists analyzed the data from more than 1700 shopping and multi-functional centres in more than 130 Russian towns. The author presents 10 leading companies from the above mentioned rating. Furthermore, the author also gathered data of the revenues of each company from Forbes Russia for an additional comparison.

Table 1. Adopted from INFOLine Developer Russia TOP-100 2012 and Forbes Russia.

№	Company	Number of shopping centres per company	GLA	Revenues in 2012, million $	Company type	Brands
1	IKEA SCR	14	2211890	760	International	MEGA
2	TASHIR group	22	1381000	720	International	RIO and others
3	Adamant holding	29	1089724	320	Regional	Different
4	GK REGIONI	24	750542	385	Regional	Iyun', Sibirskiy gorodok
5	GK TEN	5	642700	165	Regional	Different
6	Kievskaya ploshad	5	550000	1100	Regional	Different
7	Crocus Group	6	712000	370	International	Tvoydom, Crocus
8	ENKA	9	435468	450	International	Kapitoliy
9	Voronezh developer company	3	378047	No information	Regional	Different
10	Plamya	1	350000	No information	Regional	Lotos city

The table 1 shows that the revenues do not directly depend on the number of the shopping centres operated or on a GLA parameter value. Each company has its own competitive advantages and policies that guide them in generating money.

2.4 Current situation in the industry

Russia remains one of the Europe's largest consumer markets in terms of population, with rising disposable incomes and an expanding middle class, and it offers massive growth opportunities for retailers with a long-term approach (Invest in Russia portal 2011).The retail sales have almost doubled in the last five years. In 2012, the growth of the Russian GDP was 3.4%, with inflation stabled at 6 % and unemployment at 7 % (Ministry for Economic Development and Trade of the Russian Federation 2012). Russia competes both with Europe and the BRIC countries, being the most populated country in Europe with her GDP growth rate higher than in any country of Western Europe and the highest GDP per capita in BRICS. Russia was recognized as the 9th consumer market for its size by the World Economic Forum in 2010-2011.

The purchasing power of the Russian population continues to improve, with the average Russian spending more than 50% of their personal income on retail products. The average monthly salary in Russia in 2012 grew up to 26 690 Rubles or about 600 Euros (Russian statistics, Rosstat). The huge internal demand of the Russian public makes the industry prosperous.

As for the cities, Moscow has about 30% of the total Russian supply of quality retail space, which constitutes nearly 3 million square meters. However, Moscow, as well as the other major Russian cities, is far from reaching its retail saturation point. Despite the high total volume of retail areas in Moscow, the retail supply per 1000 inhabitants is still lower than in most European cities and reaches only 288 square meters per 1000 inhabitants. The average retail supply in Russia constituted only 72 square meters per 1000 inhabitants (Cushman & Wakefield Research Publication Q3 2013).

The projected total European shopping centres development for 2013 stands at 7 million square meters, with 70% estimated to be delivered in the Central and Eastern European markets. As of January 1 2013, the estimated total shopping centre floor space for Europe is 148 million square meters. France and UK remain the top two markets in terms of total shopping centre floor space, with 16.95 million square meters and 16.48 million square meters GLA, respectively. Russia is the third largest market (16.476 million square meters

GLA) and will shortly overtake the UK as it continues to see new space come onto the development pipeline, with 2.4 million square meters GLA forecast for completion in 2013-14 (Cushman & Wakefield European Shopping Centre Development Report May 2013).

3   PESTEL ANALYSIS METHODOLOGY

Assessing the future of an individual firm requires understanding the macroeconomic environment of the country within which the firm operates. After all, if a country that constitutes a high portion of a firm's sales plunges into the economic crises, it can have dramatic effects on the firm. All else being equal, we would expect firms to be better off seeking opportunities in the countries poised for the growth rather than in the countries caught in the cycles of diminishing output, rising prices, and high unemployment. There are numbers of useful concepts such as cluster theory, comparative advantage and PESTEL analysis.

PESTEL analysis is often used as a generic 'orientation' tool, finding out where an organization or product is in the context of what is happening outside that will at some point affect what is happening inside an organization. The six elements form a framework for reviewing a situation, and can also be used to review a strategy or position, direction of a company, a marketing proposition, or idea (The factsheet of UK Chartered Institute of Personnel and Development 2010).

The PESTEL framework categorizes the environmental influences into six main types: political, economic, social (or socio-cultural), technological, environmental and legal. Political highlights the role of governments; Economic refers to macro-economic factors such as exchange rates, business cycles and differential economic growth rates around the world; Social influences include changing cultures and demographics; Technological influences refer to innovations such as Internet, nanotechnology or the rise of the new composite materials; Environmental stands specifically for "green" issues, such as pollution and waste; and finally Legal embraces the legislative constraints or changes, such as health and safety legislations or restrictions on the company's mergers and acquisitions. Many of these factors are linked

together. For example, technology development may simultaneously changes economic factors (for example, creating new jobs), social factors (facilitating more leisure) and environmental factors (reducing pollution). As can be imagined, analyzing these factors and their inter-relationships can produce long and complex list (Johnson, Scholes and Kevan 2008, 55-57).

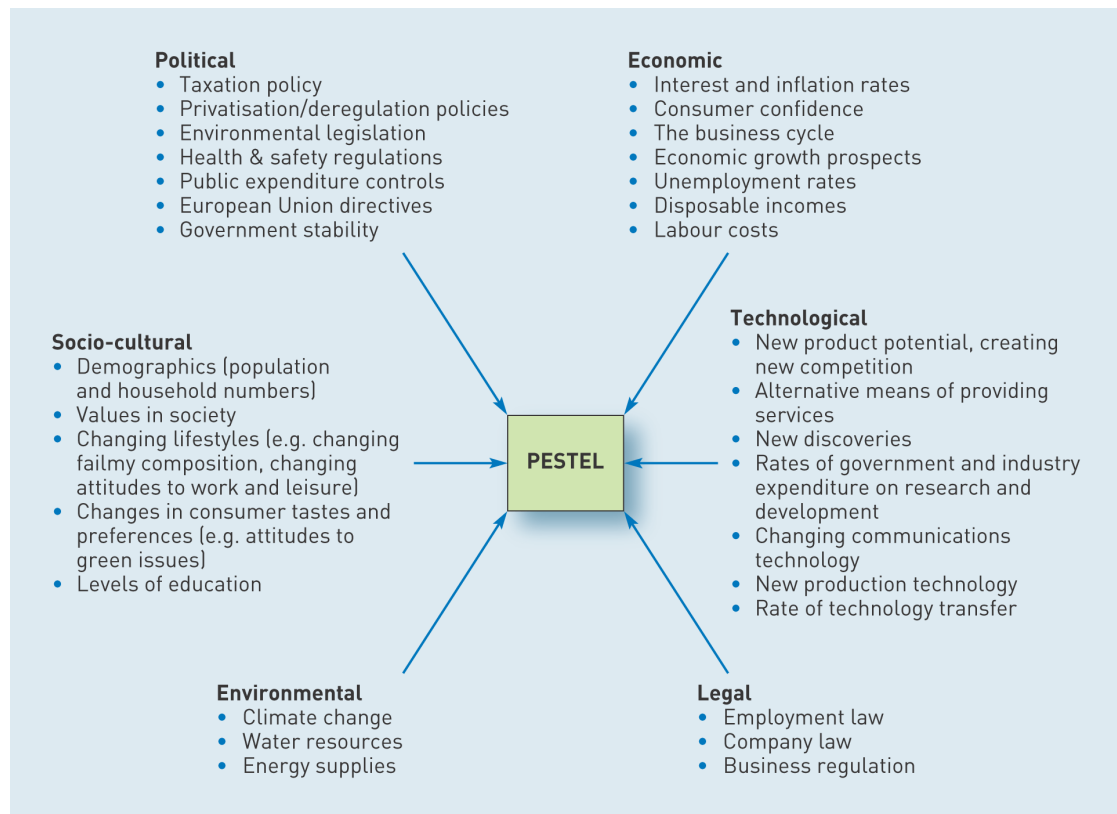Figure 2 shows more detailed picture of the PESTEL analysis.

Political
- Taxation policy
- Privatisation/deregulation policies
- Environmental legislation
- Health & safety regulations
- Public expenditure controls
- European Union directives
- Government stability

Economic
- Interest and inflation rates
- Consumer confidence
- The business cycle
- Economic growth prospects
- Unemployment rates
- Disposable incomes
- Labour costs

Socio-cultural
- Demographics (population and household numbers)
- Values in society
- Changing lifestyles (e.g. changing failmy composition, changing attitudes to work and leisure)
- Changes in consumer tastes and preferences (e.g. attitudes to green issues)
- Levels of education

Technological
- New product potential, creating new competition
- Alternative means of providing services
- New discoveries
- Rates of government and industry expenditure on research and development
- Changing communications technology
- New production technology
- Rate of technology transfer

Environmental
- Climate change
- Water resources
- Energy supplies

Legal
- Employment law
- Company law
- Business regulation

Figure 2: Detailed picture of the PESTEL analysis. Adopted from Johnson and Scholes 2002, 102.

To help making decisions and to plan for the future events, the organizations need to understand the wider "meso-economic" and "macro-economic" environments in which they operate (the meso-economic environment is the one in which we operate and have limited influence or impact, the macro-environment includes all factors that influence an organization but are out of its direct control). An organization on its own cannot affect these factors, nor can these factors directly affect the profitability of an organization. But by understanding these environments, it is possible to take the advantage to maximize the opportunities and minimize the threats for the organization. Analysis also helps to detect and to understand the broad, long term trends. PESTEL analysis is a useful tool for understanding the "big picture" of the environment in which an organization is operating. Specifically PESTEL

analysis is a useful tool for understanding risks associated with market (the need for a product or service) growth or decline, and as such the position, potential and direction for an individual business or organization (The factsheet of Chartered Institute of Personnel and Development 2010). For managers, it is important to analyze how PESTEL factors are changing now and how they are likely to change in the future, drawing out implications for the organization (Johnson, Scholes and Kevan 2008, 55-57).

Finally, PESTEL examination affords enterprises a thorough comprehension of how changes may affect competitive position in markets—a valuable advantage given that the effect of change can vary depending on company competencies, skills, and market position. It is very effective to define the key industry trends, opportunities and threats for the company management as well as to inform marketing, brand, strategy and market development, sales and supply functions of the company (Rothaermel 2012, 56-61).

4   FUTURE RESEARCH METHODOLOGY

4.1 Claims about future

What is future? Simply, future is the indefinite time period after the present. Its arrival is considered expectable due to the existence of time and the laws of physics. The future and the concept of eternity have been major subjects of philosophy, religion, and science, and defining them non-controversially has consistently eluded the greatest of minds (Hastings, Selbie & Gray 1908, 335). Some of the philosophers thought that the future was the opposite of the past or the projected time line that was anticipated to occur. In physics, the future is just a half of the timeline, a fourth dimension. Religions consider the future when they address issues such as karma and life after death. In art, the future is explored through the several art movements such as the futurism art movement at the beginning of the 20th century. It explored the art, including painting, sculpture, poetry, theatre, music and architecture.

Does the connection among past, present and future exist? What is rational prediction based on? Rescher (1998) implies that only where the future is somehow foreshadowed in the visible patterns of the past-&-present will

rational prediction become possible. And, fortunately, this is often the case. For the observation of the world's ways provide extensive scope for prediction. In general, patterned regularities of natural occurrences come in the form of structured process. The past leaves its traces in the present, as with the fossilized animals we find embedded in rocks; and similarly, the future has its foreshadowing, its portents. Future developments are generally predesigned into present structures. And we can already hear their approaching footsteps, as it were. Once any familiar process has started, we can by and large predict its course; kittens do not develop into adult giraffes. The future's makeup and comportment is largely prefigured in the present physical endowment of nature's production, programmed into the prior condition of things through the operation of natural laws. This aspect of reality is crucial for rational prediction (pp. 69-70).

What are the reasons to think about the future? Is there any methodology or technique for future prediction? We start to think about the future when we want to succeed in our career, to prepare for change, make better decisions, help our children and parents, prevent disasters, seize opportunities, understand today's world, develop self-confidence or just to expand our horizons.

The purpose of futures methodology is to systematically explore, create, and test both possible and desirable futures to improve decisions. It includes analysis of how conditions might change as a result of the implementation of policies and actions, and the consequences of these policies and actions. Futures research can be directed to large or small-scale issues, in the near or distant future; it can project possible or desired conditions. Businesses use futures methods to enhance understanding of future markets. Social leaders use them to develop and test both possible and desirable future visions. Future visions can help generate long-term policies, strategies, and plans, which help to bring desired and likely future circumstances in closer alignment. The use of futures methods enhances anticipatory consciousness, which in term improves the foresight to act faster or earlier making the organization or individual more effective in dealing with change. The ability to anticipate gives extra time to better understand threats and opportunities, develop more creative strategies, create new product opportunities, and

create and share vision for organizational change. The value of futures research is less in forecasting accuracy, than in usefulness in planning and opening minds to consider new possibilities and changing the policy agenda. Its purpose is not to know the future but to help us make better decisions today via its methods which force us to anticipate opportunities and threats and consider how to address them. And strategically it is better to anticipate, rather than just respond to change (Glenn 2010, volume 1).

4.2 Concept of trends

Commonly, a trend is a general direction in which something is developing or changing. Trends are used in fashion, financial analytics and business. This section deals with external and internal trends. To the view of the author, external business trends are external driving forces that impact business from social life, economics, politics, environmental, global condition and technology development. The examples of external business trends are economic crisis or growth, changes in demographics, globalization, etc. In contrast, internal business trends represent changing in-house environment of a business and consist of the organizational resources. These are human, technological, financial and physical resources. These resources are scarce, and management success depends on how well these resources are both acquired and used. The author chose to use external trends because they matter much. The consequences of internal trends are usually limited and have little effect. Moreover, there is no opportunity to gather all the needed confidential internal management information from IKEA SCR to make a list of significant internal trends.

At this stage the author chooses and explains 10 external trends that might influence on IKEA SCR by 2020 from the author's perspective. List of ten is a mixture of the megatrends, trends from industry experts and country trends. As there are no available surveys of the external trends on the Russian shopping centres industry the author himself had to search for the trends in different sources. The literature review revealed that there are few reliable sources suitable for the research. They are the studies of the Copenhagen Institute for Futures Studies on megatrends 2020, an SAP research on future retail and around retail industries for 2020, the Jones Lang LaSalle analytics

of the global real estate futures, the book "Call of the mall" by Pako Underhill and Russian megatrends 2020 by Skolkovo Open University and Frost & Sullivan. A separate source is a news article about the renovation of the open-air markets in the Moscow region. All the sources are given in the reference list.

According to the Copenhagen Institute for Futures Studies research (2011, 52), megatrends are fundamental external driving forces that impact every level of society with a high degree of certainty. They have shaped the world and will continue to shape our future for decades to come. Megatrends are aggregations of trends and tendencies and help us frame our understanding of future scenarios. They help us structure our assumptions regarding the future. The Copenhagen Institute for Futures Studies (2006) defines the following 10 most important megatrends by year 2020: ageing, globalization, technological development, prosperity, individualization, commercialization, health and environment, acceleration, network organizing, urbanization.

Trends from industry experts are defined by the author as the trends that are mostly related to retail business but are also connected to the shopping centres industry. From the literature review, they are nationalized malls (oriented for a specific nation), encouraging a digital lifestyle, reforming shopping centres, favoring cultural diversity, creating new consumption patterns (such as sustainable consumption) and a knowledge-based business ecosystem. Additionally, there is a trend of renovating open-air markets in the Moscow region. There are more than 550 open-air markets in the region. Many of them are illegal and out-of-date. The Russian authorities plan to renovate them into the modern trade centers.

Skolkovo Open University and Frost & Sullivan define country trends as megatrends that will shape the Russian social and economic landscape up to 2020. The most important ones among them are: the fast development of big cities besides Moscow and Saint Petersburg, infrastructure development, "made in Russia" syndrome (rebranding the country from raw materials supplier to innovative exporter), energy saving and energy efficiency technologies, mega events (Olympic Games, Soccer WC, APEC summit) and e-Russia (e-learning, e-government, e-healthcare, e-commerce).

The ten external trends chosen that according to the author might influence on the performance of IKEA SCR by 2020 are presented below in Table 2.

Table 2. Ten external trends that might influence on the performance of IKEA SCR by 2020.

№	TREND	DEFINITION	SOURCE
1	Health and environment	Increasing focus on health and well-being; search for green and safe recreational zones; increasing personal and public spending on fitness; more lifestyle-related disorders and diseases will emerge; fitness at work	Copenhagen Institute for Futures Studies, megatrends 2020
2	Prosperity	Prognoses indicate that the world middle class will grow in the next 10 years; the consumption of more intangible products such as entertainment, experiences, services, savings and investment; sustainable consumption	Copenhagen Institute for Futures Studies, megatrends 2020
3	Technological development	Digital lifestyle; virtual reality devices and industries; robots; bio and nano-technologies; sustainable energy	Copenhagen Institute for Futures Studies, megatrends 2020
4	Nationalized malls	More and more malls in the world are transformed into malls targeted for specific ethnos to serve local diasporas with national products, restaurants and entertainment	Book "Call of the mall" by Pako Underhill
5	Renovation of open-air markets	More than 400 open-air markets in the Moscow region are planned by the government to be reconstructed into modern shopping centers	Moscow region authorities
6	Bigger range of services in shopping centres	New customer might want more cinemas, theme and water parks, fitness and sport, Wi-Fi lounges, hospitals and clinics, aquariums, ice rinks, hotels, bowling halls, theatres, etc.	SAP research on future retail and around retail industries for 2020
7	e-Russia	E-learning, e-government, e-healthcare, e-commerce; accountable and transparent government; efficient delivery of a long range of public services; 24/7 – education and healthcare; new business models	Russian megatrends 2020 by Skolkovo Open University and Frost & Sullivan
8	Mega events	A string of large-scale events with high investment that will open up Russia to the world: Sochi 2014 Winter Olympics, F1 Grand Prix, FIFA World Cup 2018	Russian megatrends 2020 by Skolkovo Open University and Frost & Sullivan
9	"Made in Russia" syndrome	Rebranding the country from raw materials supplier to innovative exporter; localization of foreign manufactures; technology transfer and R&D funding	Russian megatrends 2020 by Skolkovo Open University and Frost & Sullivan
10	Russian urbanization	Fast development of big cities besides Moscow and Saint Petersburg; South: Sochi, Krasnodar, Rostov; Ural: Yekaterinburg, Perm; Siberia: Krasnoyarsk, Novosibirsk, Tomsk; Far East: Vladivostok, Nakhodka, Khabarovsk;	Russian megatrends 2020 by Skolkovo Open University and Frost & Sullivan

4.3 Futures wheel method

Futures Wheel, a method of identifying and packaging primary, secondary and tertiary consequences of trends and events, was invented in 1971 by Jerome C. Glenn. The method was spread by workshops on futuristic curriculum development conducted by the University of Massachusetts during the early 1970s, and shortly thereafter, by futurist trainers and consultants as a method for policy analysis and forecasting.

Although Futures Wheel is a simple technique, requiring only blank paper, a pen, and one or more fertile minds, it is also an extremely powerful method of exploring the future. Futures Wheel is currently used by corporate planners and public policymakers throughout the world to identify potential problems and opportunities, new markets, products, and services and to assess alternative tactics and strategies (Snyder, David Pearce 1993).

Futures Wheel is a way of organizing thinking and questioning about the future—a kind of structured brainstorming. The name of a trend or event is written in the middle of a piece of paper, and then small spokes are drawn wheel-like from the center. Primary impacts or consequences are written at the end of each spoke. Next, the secondary impacts of each primary impact form a second ring of the wheel. This ripple effect continues until a useful picture of the implications of the event or trend is clear (Glenn 2010, volume 4). In addition, Glenn (2010, volume 4) states that the Futures Wheel is most commonly used to:

- think through possible impacts of current trends or potential future events
- organize thoughts about future events or trends
- create forecasts within alternative scenarios
- show complex interrelationships
- display other futures research
- develop multi-concepts
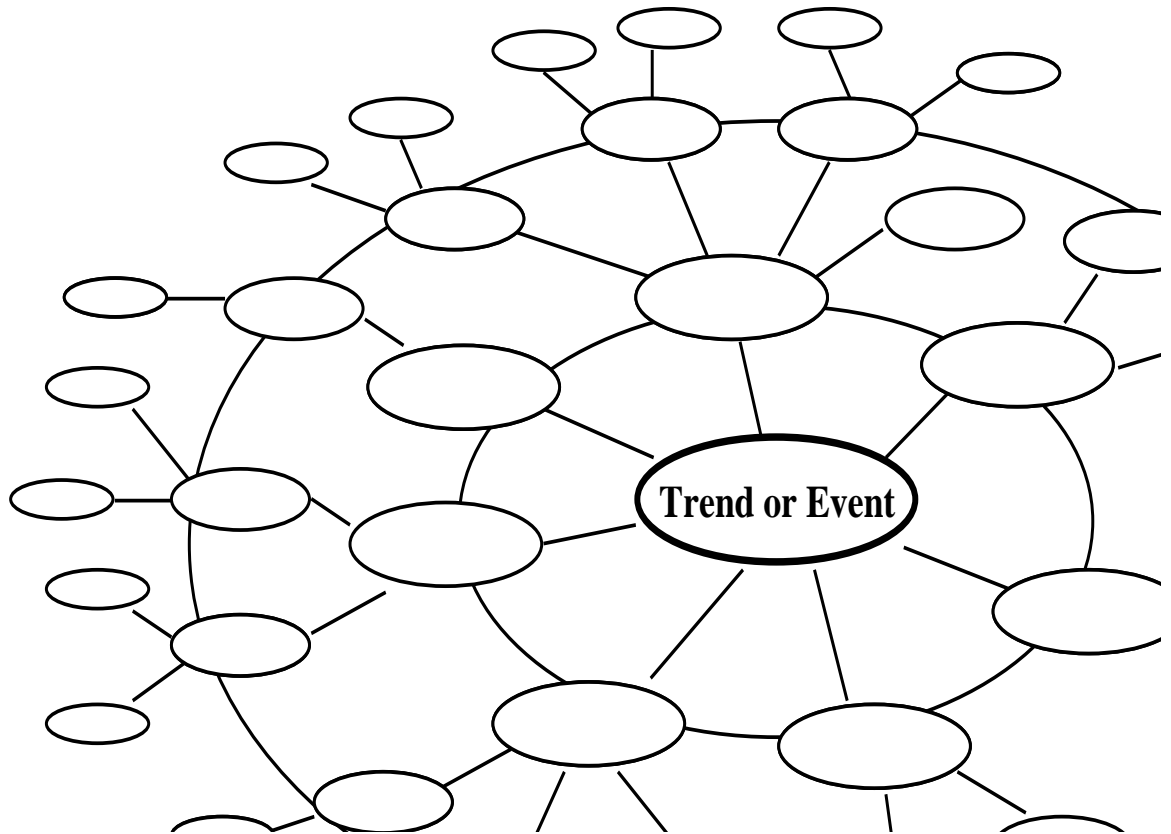- nurture a futures-conscious perspective
- aid in group brainstorming.

Figure 3: Example of the Futures Wheel. Adopted from Millennium Project, Jerome C. Glenn 2010, volume 4.

The original Futures Wheel is one of the most commonly used methods among futurists, because it is an extremely easy way to engage people's thinking about the future. Futurists find it easy to use the wheel to think through the implications of, and organize their thoughts about possible future events or trends. After identifying trends or possible future events, some futurists ask their clients, "If this event occurs, then what happens next?" Or they may ask, "What necessarily goes with this event or trend?" Or, "What are the impacts or consequences?" These impacts compose a mental map of the future, acting as a feedback mechanism to stimulate new thinking (Op.cit. volume 1).

In this thesis, the big focus is made on the primary and secondary consequences of trends. The output of Futures Wheels is used as a basis for further thinking, for more systematic exploration, for scenario creation.

4.4 Scenarios

Herman Kahn defined scenarios as narrative descriptions of the future that focus attention on causal processes and decision points (Kahn 1967). To the view of the author, a scenario is not a single prediction or forecast, but a way of organizing many statements about the future; it is a plausible description of what might occur. Scenarios describe events and trends as they could evolve. The specific year for scenarios in this research is stated as 2020 because the company management is developing the strategy by that year.

The author thinks that the purpose of scenarios is to systematically explore, create, and test both possible and desirable future conditions. Scenarios may help generate long-term policies, strategies, and plans, which help bring desired and likely future circumstances in closer alignment. They can also expose ignorance; show that we do not know how to get to a specific future or that it is impossible.

Exploratory or descriptive scenarios describe events and trends as they could evolve based on alternative assumptions on how these events and trends may influence the future. Normative scenarios describe how a desirable future can emerge from the present (Glenn 2010, volume 13). In general, the term scenario has been used in two different ways: first, to describe a snapshot in time or the conditions of important variables at some particular time in the future; second, to describe a future history—that is, the evolution from present conditions to one of several futures. The latter approach is generally preferred because it can lay out the causal chain of decisions and circumstances that lead from the present. The most useful scenarios are those that display the conditions of important variables over time. Although it is not possible to know the future, it is possible to influence elements of it. The forces of nature, social and political dynamics, scientific discovery, and technological innovation largely determine the future. However, human choice increasingly shapes the future. This influence makes the effort to consider the balance between what we want and what is possible worthwhile. Commonly, three to six scenarios are usually sufficient. The most useful scenarios are sharply focused. They focus on critical issues facing the organization. The number of issues for consideration is almost endless (Op.cit. volume 13).

5   IMPLEMENTATION OF THE RESEARCH

5.1 Research design

The research design serves as a master plan of the methods used to collect and analyze the data. How to choose the correct research design depends highly on what kind of information is wanted to result from the research. There are many things that the researcher has to think of before conducting the research. Things like what kind of data is needed, how the data will be collected, whom the data should be collected from and what kind of budget is needed to carry through the research should be thoroughly thought of before starting the research itself (Hair, Bush and Ortinau 2006, 63).

Researches can be divided into two categories based on what kind of information they provide: qualitative and quantitative research. Quantitative research revolves around gathering information from a large number of respondents. It is also very typical in quantitative research that the questions only have a few predetermined options that the respondents can choose. The key to conducting a successful quantitative research is strongly dependent on the design of the survey instrument. This means that the questionnaire should be designed with care. Some of the key strengths of quantitative research are that it usually gives a good representation of the target population due to large samples, and usually the generalizability of the results is good. Quantitative research is mostly suitable for descriptive and causal research (Op.cit. p.171-172).

Where quantitative research deals with a large number of respondents, qualitative research concentrates more on in-depth information gathered from fewer respondents. The goal is to gain preliminary insights into a certain topic. Compared to quantitative research, qualitative researchers usually pay attention not only to information and answers that respondents provide but also try to analyze their behavior by observing them. The small sample size and usually the unstructured format of questions hinder the researcher's ability to make generalizations on the basis of the results. Nevertheless, the richness of the data that can be acquired with qualitative research can be of great value for the researcher. It is said that qualitative research is an appropriate tool

when researchers are trying to understand consumer qualities such as preferences, beliefs, attitudes, and so on. Also getting some ideas for new products or services are mentioned (Op.cit. p. 173-175).

In this work, **qualitative approach** is applied. It is aiming at understanding the consequences of the most important trends proposed from the literature review. The qualitative research is implemented through the execution of the two focus group interviews based on the Futures Wheel method.

The thesis is describing possible future of IKEA Shopping Centres Russia with the help of the scenario building; therefore it can be defined as **future-oriented**. There are many approaches to the futures research, which is a heterogeneous field of study (Mannermaa 1992; Bell 2003). This study adopted the view presented in Mannermaa (1992), in which a futures study is described as having a certain interest in knowledge of the future based on the study of past and present. According to this view, the outcome of the futures study is to present well-argument assessments of the future to offer a basis for planning and decision-making as well as more general discussions and activities at present.

Even though usually qualitative research is associated with the use of a grounded theory and an inductive approach (Boeije 2010), this study utilizes more **deductive logic**, where the literature, both theoretical and empirical, was used as a starting point to understand the past and the present situation of the shopping centres industry in Russia and to identify the main change trends. Based on the literature scanning, the major trends for the focus group interviews were identified and used to construct the research instrument.

The following steps were used to build up the research design for this study:

1) Systematic analysis of the literature and media; trends scanning and analysis
2) Development of the research tool: the focus group interview guide based on the Futures Wheel method
3) Writing the PESTEL-analysis: understanding the macroeconomic environment of the country within which IKEA SCR operates and acquiring the necessary data for scenario-building process
4) Scenario development: visualization of the possible developments into the narrative forms.

5.2 Research methods

5.2.1 PESTEL analysis

The author explores each of the PESTEL factor in the research in terms of the four parameters: current strengths, current weaknesses, future prospects (or future opportunities) and future threats. The future parameters are usually implied the time period till 2020. It is essential to split each PESTEL factor because then we can search for the most important areas where to find trends and it gives more essential information for the scenario creation. For example, from the technological part it can be implied that new virtual reality technology might highly affect the way of purchasing pushing forward the trend of internet trading development.

All the aspects of the PESTEL analysis are crucial for any industry a business might be in. More than just the understanding of the market, this framework represents one of the vertebras of the backbone of strategic management that not only defines what a company should do, but also accounts for an organization's goals and the strategies stringed to them. The author hopes that this work in this way will also help to set strategic decisions in IKEA Shopping Centres Russia's strategy by 2020.

PESTEL analysis in this research aims at understanding the macro-environment of the country within which IKEA SCR operates. It is important to mention that the results of the PESTEL analysis are written autonomously from the Future Wheels results; however, they are interconnected in terms of the decision making and the scenario creation. In other words, the management team of the company will not only see potential Future Wheels and future scenarios but also see the analysis of six PESTEL categories separately.

5.2.2 Focus group interview

"Focus group interview is a semi structured group session, moderated by a group leader, held in an informal setting, with the purpose of collecting information on a designated topic" Morse (1994, 226).

The usage of the focus group interviews as a research method was discussed with the thesis tutor and the company representative. It was accepted as applicable for this thesis because expert opinions from IKEA SCR are needed to explore the future. The quantitative data was not chosen as appropriate because collection of the primary data using questionnaires with standardized questions (surveys) limits the trends explorations. Moreover, the focus group interviews have some advantages in comparison with the individual interviews. It is said that "data regarding perceptions and opinions are enriched through group interaction because individual participation can be enhanced in a group setting" (Morse, 1994, 225). Morse also states that "the data collected by using a focus group can be more informative than the data collected by other methods".

5.2.3 Scenario building process

The scenario building process utilized theory, PESTEL analysis outcomes and Future Wheels results from the focus group interviews to create stories of what a possible future of IKEA SCR might be. There are many ways to build scenarios. In this study it was decided by the author that three different alternatives will be described. Some variables, such as the variables from Future Wheels results are presented in all three scenarios, while the theory and PESTEL analysis outcomes are only present in some of them. These scenarios do not represent "more or less possible" solutions, neither they are compatible on a "positive - negative" scale. All three scenarios represent possible alternatives that the company has to consider today in their decision-making.

5.3 Sources for data

The main sources for data are usually primary or secondary data. Secondary data is information that already exists in some kind of a format, in places such as libraries, Internet, companies own databases and so on. Primary data on the other hand consists of so called raw-data that has been gathered by conducting exploratory, descriptive or causal research. This data is collected to better understand a certain research problem (Hair et al. 2006, 64).

Secondary data was collected for completing PESTEL analysis. It was decided that Internet, database sources, expert articles, and news, books and statistics sources would be enough to describe valuable PESTEL results. However, in the beginning it was thought to conduct the individual expert interviews for PESTEL analysis but the idea was rejected by the author due to financial matters and by the company as such interviews takes too much time and efforts. In contrast, **primary data** was collected by conducting focus group interviews for construction of the trends consequences (Futures Wheels).

5.4 Focus group interviews: preparation, implementation and analysis

Morse (1994, 226-234) divides focus group interviews into three phases: preparation, implementation and analysis & interpretation. According to him errors in early phases will have an effect in the results gathered in later phases. If for example the recruitment of the members is not done well and the group is too diverse the level of discussion might be "lower" and therefore the analysis and interpretation might be affected. In next subchapters the author will go through the three phases and will show how he successfully managed them.

5.4.1 Preparation of the focus group interviews

In the preparation phase researchers develop the guideline questions and study the research topic. In this phase they will also recruit and select the members, reserve the space for the discussion, get the recording equipment and also the food for the participants. Those are the main things that are part of preparation phase according to Morse (1994, 228).

According to Krueger and Casey (2000) the goal of focus group interviews is to promote self-disclosure among the participants. It is important to know what people really think and feel about the subject. People should also be encouraged to share their opinions freely without fear of confrontation (p.7-9). Krueger et al continues that the environment should be permissive. Therefore the place for conducting interviews was proposed as the head office of IKEA

SCR in Moscow. The company agreed on the place and a separate conference room was reserved. The room itself was clean, fashion-designed, had climate-control, projector and big table with chairs around. So, it can be said that the company created permissive and comfortable environment for the interviews.

Typically, the size of the focus groups is from five to ten people, but there can always be some variation. The group has to be small enough so that everybody can share their insight, but at the same time large enough so that there are enough different perceptions in the group (Krueger and Casey 2000, 10). In the research case, the session consisted of five people representing such company's functions as Sustainability, Corporate governance, HR and Shopping Centre Management. However, during the implementation part it was changed and two focus group interviews were held.

To familiarize the interviewees with the topic, the short description of the thesis and the interview technique were sent beforehand to each participant via email (distributed by the company representative). As for the guideline questions, separate PowerPoint presentation was prepared for the interviews. It was discussed and agreed with the company representative a week before the interviews. The presentation included the explanation of the thesis, Futures Wheel method, list of 10 influential trends on IKEA SCR for 2020 with pictures and Futures Wheels for research created by the author (can be seen in the appendixes). There were three Futures Wheels for the research in the presentation as the interviewees had to choose three most important trends and put them inside each Futures Wheel for the exploration.

The recording equipment has not been taken because the use of it was rejected by the company due to the confidentiality reasons. However, individual Futures Wheels can be acquired from the author at the request as a proof of the research.

5.4.2 Implementation of the focus group interviews

Due to force majeure reasons, during the implementation part the planned focus group was split into two groups (with additional participants). In result, the first group comprised of 5 participants representing HR, Corporate

Governance and Sustainability functions, while the second group comprised only 2 participants representing Shopping Centre Management and Leasing areas. The second focus group interview was decided to be conducted as the interviewees were from management positions and their opinions were extremely valuable. Both groups' members were selected by the company. The respondents selected knew the core of the business and understood all the details of it.

Before the sessions started the author distributed three Futures Wheels for the research, one A4 list for notes and one pen for every respondent.

The author started the sessions by welcoming the participants and introducing the agenda. The author also introduced himself, JAMK University of Applied Sciences, company representative and thesis contents in brief to get the participants' mindset to the correct topic. It is important to mention that the author did not participate in the interview but was a moderator.

After the introduction, the author explained the Futures Wheel methodology and showed the example of it. Then the actual brainstorming started. The first open question was: "What are 10 external trends that might influence on the performance of IKEA SCR for 2020?" Many respondents stated the trends from the list. The moderator wrote down all ideas and continued to present the list of the most important 10 trends that he prepared. During the story about trends many questions arrived and were discussed. They mostly concerned the wordings of the trends and their meanings.

Later on, after all trends were presented and clear for every respondent, the Futures Wheels for the research were presented. It was asked first to choose three most important trends from the list of 10 given trends. It was decided during the interviews that two correlated trends may be combined in one. After that, each Futures Wheel was filled in individually and then discussed in groups. The moderator was filling in the group results in group Futures Wheels using Power Point. New ideas or ideas that were not related to the chosen trends were written down on the paper and some of them were used for the scenario creation.

The whole presentation that was held can be acquired from the author upon the request.

Two focus group interviews were carried out in December 2013 as it was planned. Each focus group interview took about two hours.

5.4.3 Analysis of the focus group interviews

Main thing for the researcher is to understand the meaning and the nature of research topic from the perspective of the research participants (Morse 1994, 233). Focus group sessions are not intended for generalization. Other research methods, where researchers use closed-ended questions, can be more suitable for using for purposes of generalization. The goal of focus group sessions is to go in-depth into a topic with relatively small number of people (Krueger and Casey 2000, 203).

Main analysis tool for the focus group interviews became Futures Wheel method. The primary and secondary impacts composed a mental map of the future, acting as a feedback mechanism to stimulate new thinking in writing scenarios.

First, the author has looked through the individual Futures Wheels (examples might be found in the appendixes). Then the similarities were gathered and added to the final group Futures Wheels. As it found out that two chosen trends were the same in both groups the author decided to combine their results in the merged Futures Wheels. Therefore, there were 4 Futures Wheels resulted from the research: prosperity and bigger range of services, health and environment, technological development and e-Russia, prosperity and Russian urbanization. Each final Futures Wheel was also transcript in text and can be seen in the results part of this thesis.

The individual participants' ideas were also examined and used when thinking about the potential future. Morse (1994) states that a member's contribution often elicits other members' contribution about a certain topic; this is one of the major advantages of focus group technique according to him (p.234). This further contribution is something that the author noticed to occur a lot during the sessions, as it was often that one person came up with an idea and others got excited about the same idea and elaborated on it.

6   RESULTS OF THE RESEARCH

As a result, the author was able to construct proficient PESTEL analysis, find and describe the consequences of the most influential trends in the performance of IKEA SCR by 2020 and write three valuable future scenarios for the company.

The results of this research are **confidential**. The confidentiality issues of this thesis are agreed with the student, JAMK University of Applied Sciences and IKEA Shopping Centres Russia. The thesis committee from JAMK University of Applied Sciences can find the results of the research in appendix 3 for the evaluation of this thesis.

7   CONCLUSIONS

The author presumes that this study aimed at developing scenarios for IKEA SCR would serve as an additional support to prepare for the future challenges; to understand structural changes in the shopping centres industry; its own role and functions in the future as well as competencies needed to succeed. The questions under the study were: What are the political, economic, social, technological, environmental and legal factors that form the macro-environment of IKEA SCR? What are the most influential trends in the performance of IKEA SCR by 2020, their descriptions and consequences? What are the three possible scenarios for IKEA SCR by 2020?

The significant theoretical background was developed for this thesis before the primary data was gathered. First, the author explained an overview of the shopping centres industry in Russia. The past and present situations in the industry were mentioned. After it, PESTEL analysis and future research methodologies were presented.

To answer the research questions, the author used different research approaches and methods: PESTEL analysis, Futures Wheel, focus group interviews and scenario building method. PESTEL analysis revealed the understanding of the Russian macro-environment. The results of the PESTEL analysis were written autonomously, however, they were interconnected in terms of the decision making and the scenario creation. Two focus group

interviews were effectively held in the company's head office in Moscow and carefully analyzed. Three future scenarios were written using the theoretical background, secondary and primary data. As the results of this thesis are confidential the author does not use them in the conclusion which is a public part of this work.

In general, the thesis concerning the future research was new for the author, thesis coordinator and for the company. It took 5 months to write the thesis and 3 months for the preparation during the summer internship in IKEA SCR. The author was glad to develop new knowledge and skills and to give benefit to the company.

7.1 Reliability and validity

There are several issues to be considered when speaking about the quality of this study. First of all, in a future-oriented qualitative research both validity and reliability are hard to define, simply due to the fact that future as a concept is vague and subjective; it changes rapidly and is often a result of unpredictable factors. Second, scenarios are stories of the future and thus depend on time when they are constructed, whereas reliability is defined as a consistency of the research outcomes over the time. Therefore, in this kind of a study it is difficult to establish reliability.

Reliability of this thesis, however, can be assessed based on the fact that the study can be seen as a part of IKEA strategy 2020. Another issue related to the reliability of this study is concerned with the interview guide design and data collection. The interview guide can be considered as a reliable tool for this particular study, as it was constructed based on the literature scanning, checked and modified by other project members. Finally, it has to be noted that the data generated by the author of this thesis was also sent to the company representative for the analysis.

When it comes to the **validity** which is often referred to as "measuring what is intended to measure", i.e. whether research design, methods and tools help the researcher to understand phenomenon or a concept under the study, there are certain issues to be mentioned. First, the study aims at describing the future scenarios of the company; therefore selection of the respondents is

an important issue in establishing validity. In this study interviewees vary in their experience and decision-making role and it is hard to generalize during the data analysis stage.

Other issues affecting the quality of the current study are related to the researcher's bias; use of English language for conducting interviews; lack of scenario building experience, to name a few. The researcher's bias in this study is related to the fact that the researcher has had own pre-understanding of the shopping centres industry in Russia, which might have affected interview process, communication during the interview and interpretation of the findings. However, the bias was minimized with the help of Futures Wheel method. Another issue affecting the quality of the study is the use of English language. Even though all interviewees spoke English, in certain cases it felt as an obstacle to deeper exploration of the topic.

7.2 Ideas for the further research

It would be interesting to take part in the future research of other IKEA units in Russia such as retail or production. Further qualitative methods like individual expert interviews, observations and action research might be tried.

From the theoretical part, it is curious to use Delphi method, structural analysis, relevance trees, and cross-impact analysis. Furthermore, the Kondratiev waves may be applied for the supplementary observation.

The researches of the future might be also useful in politics and social field of life. The author thought that his competences and knowledge might be used for the strategy of the FIFA World Cup that will be held in Russia in 2018.

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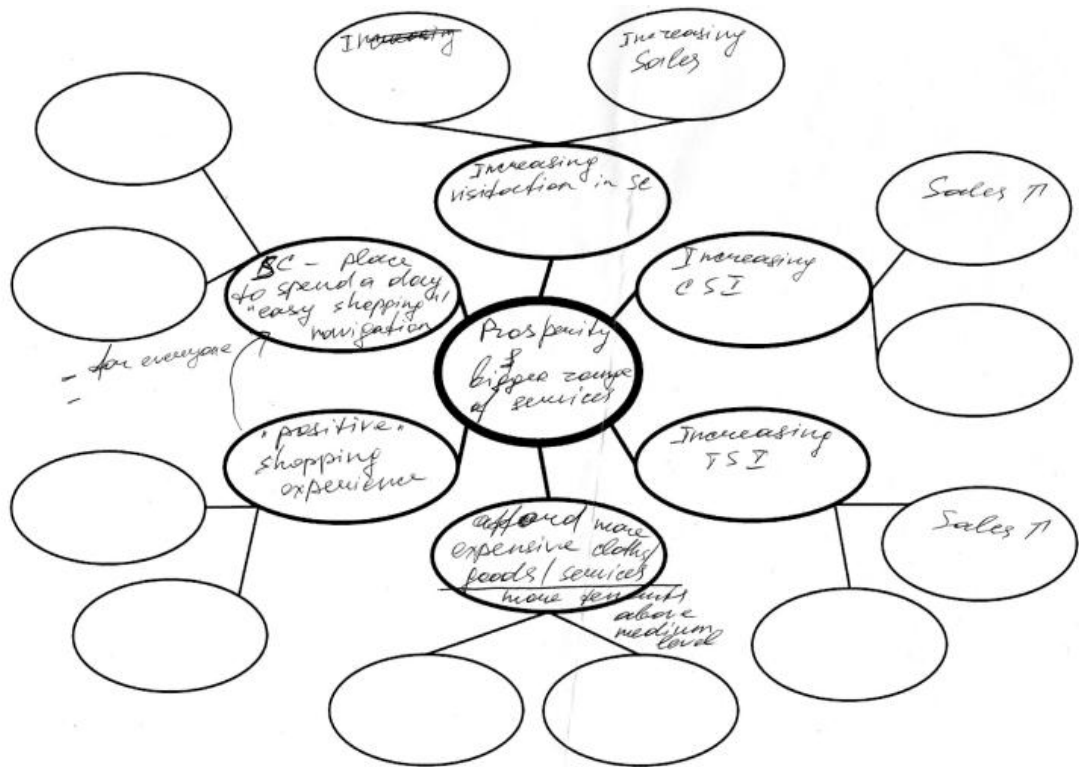World Bank environmental management report 2004. Referred to 20.12.2013 http://www.oecd.org/env/outreach/35486874.pdf

APPENDICES

Appendix 1: Futures Wheel tool for the focus group interviews

Trend 1
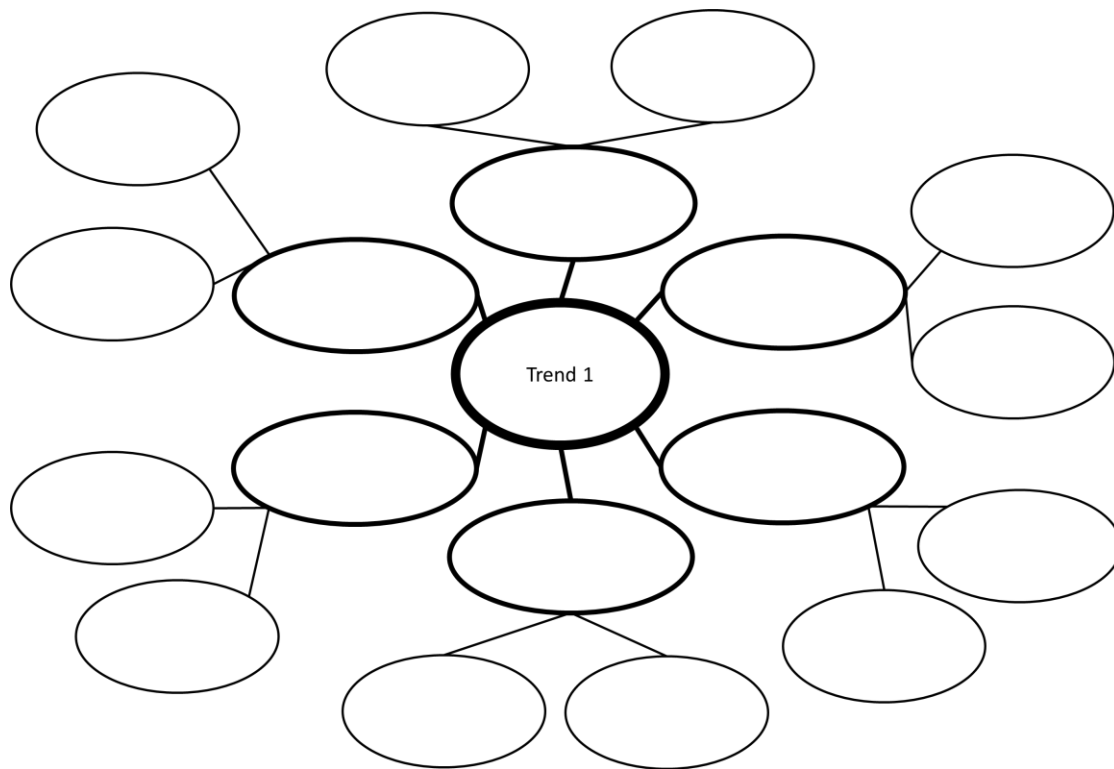
Appendix 2: Examples of the individual Futures Wheels results

Futures Wheel. IKEA SCR. Confidential.
Trend:
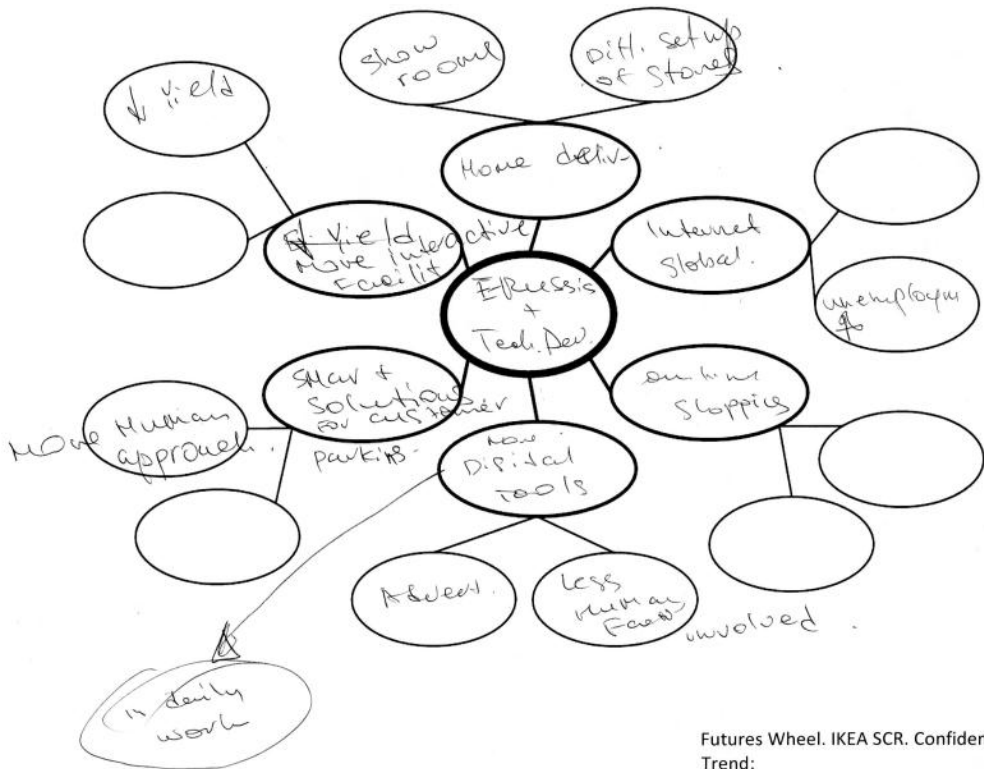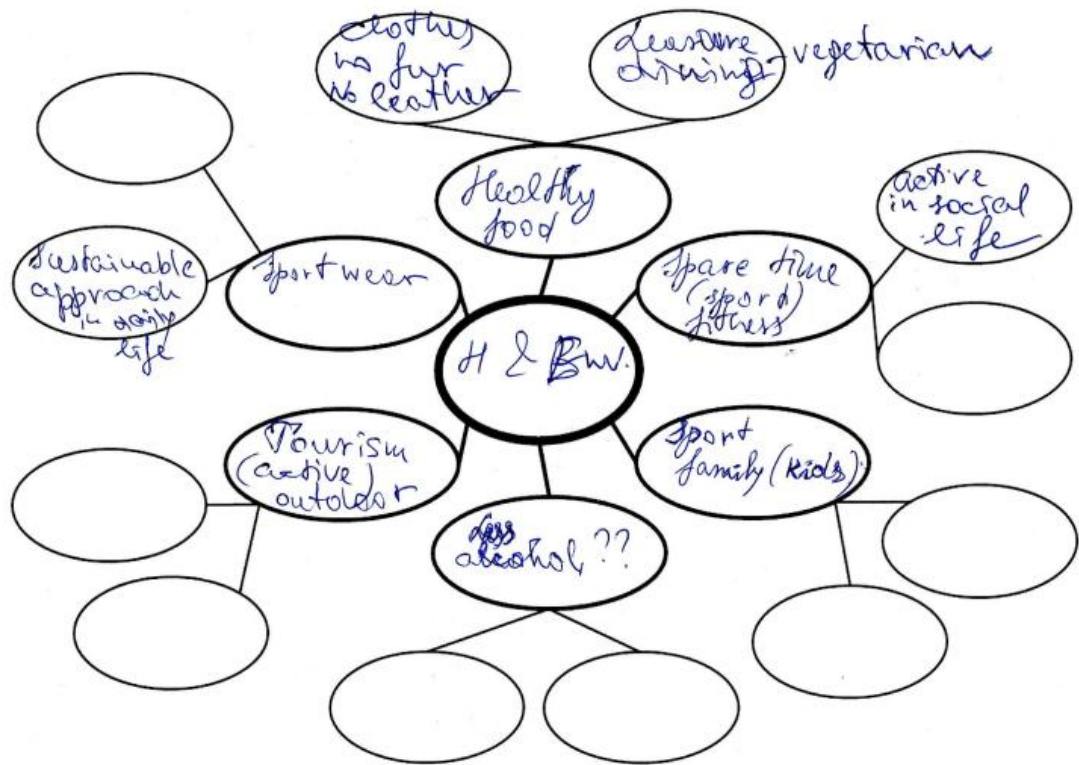
Appendix 3: Results of the research

The results of this research are **confidential**. The confidentiality issues of this thesis are agreed with the student, JAMK University of Applied Sciences and IKEA Shopping Centres Russia.