A New Approach to Support Through Conversational AI:
Meet Sven

Executive Summary

The Problem

IKEA's customer reviews on Trustpilot average just **1.5 stars** from nearly **26,000 reviews**, with **76%** being 1-star. A significant portion of these negative reviews highlights customer service issues, and within these, most complaints focus on long wait times on hold, which range from 15 minutes to over 2 hours.

This frustration leads to abandoned calls, unresolved issues, and a loss of trust in IKEA's brand.

The Solution

We propose Sven, a conversational AI-powered customer service assistant, which will:

- Eliminate wait times by providing instant responses to routine inquiries.
- Automate up to **70%**[1] of customer queries, as demonstrated by AI-powered systems in similar industries, allowing human agents to focus on complex cases.
- Operate 24/7 in multiple languages, ensuring accessibility and convenience, meeting the **90%**[2] of consumers who expect immediate support.

The Impact

Sven will bring measurable improvements in both customer satisfaction and operational efficiency.

- Wait times will be removed, as Sven will provide instant responses to customers simultaneously, regardless of demand.
- Customer satisfaction will increase; **80%**[3] of consumers who interact with AI chatbots report a positive experience.
- Operational costs will decrease, as AI can reduce customer service expenses by up to **30%**.[4]
- IKEA will rebuild trust and improve its reputation as a customer-first, innovative brand.

Objective

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What are the main **problems** we are **solving**?

Status Quo: *Poor Customer Service*

IKEA's current customer support system is inefficient and leads to poor experiences. Long wait times, inconsistent responses, and overwhelming agent workloads are eroding customer trust and loyalty.
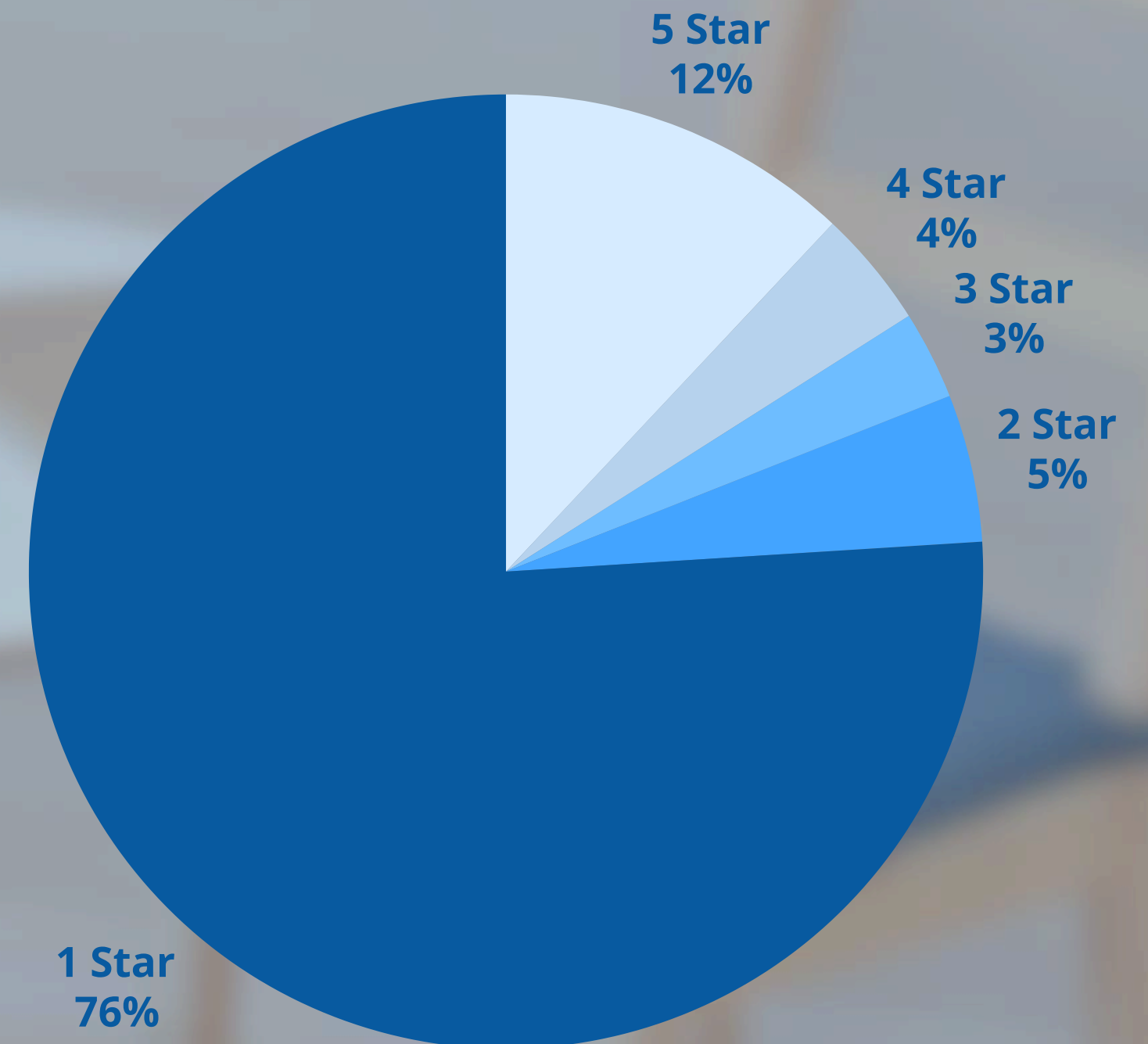
Ratings on Trustpilot.com

1.5

Bad

26K reviews

5-star	
4-star	
3-star	
2-star	
1-star	

5 Star 12%

4 Star 4%

3 Star 3%

2 Star 5%

1 Star 76%

Status Quo: *Poor customer experience*

Although **90%**[5] of customers, expect immediate* assistance when calling, current wait times range from **15 - 120 minutes on hold.**[6] With **73%**[7] of customers expecting seamless support but only **33%**[7] of businesses delivering, a solution is urgently needed to eliminate frustration and improve customer satisfaction within IKEA's phone system.

An overwhelming **95%**[8] of respondents cite customer service as important in their choice of and loyalty to a brand. Data has shown that **61%**[8] of customers switch companies due to experiencing frustrating customer service. IKEA has **76% of reviews being 1-star,**[6] with the top complaints regarding **dismissive and unhelpful** customer service.

Inconsistent customer support leads to **repeated calls** and **wasted time** for agents and customers. Thousands of IKEA customers report **receiving conflicting** information on standard issues such as order tracking and returns.

I want to give 0 stars!

I don't know about you but I like a company to value its customers, IKEA clearly don't. **You only need to look at all the terrible reviews on Trust pilot and the lack of replies from IKEA.**

My experience today with *3 different customer service agents* made it abundantly clear that IKEA do not give a flying @&*% for its customers. I ordered a pax wardrobe for delivery, instead IKEA delivered a few sets of drawers! I *contact IKEA customer service* thinking this would be rectified quickly and professionally but was shocked to find that the agents were completely unconcerned, didn't seem to think I was being inconvenienced and repeatedly did not listen to what I was telling them.

I have now cancelled my order and will not be returning to this awful company.

Date of experience: *December 13, 2024*

Recommendation

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Our **solution** to the **problem**

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Smart: Sven uses AI to quickly understand customer questions and provide accurate solutions.
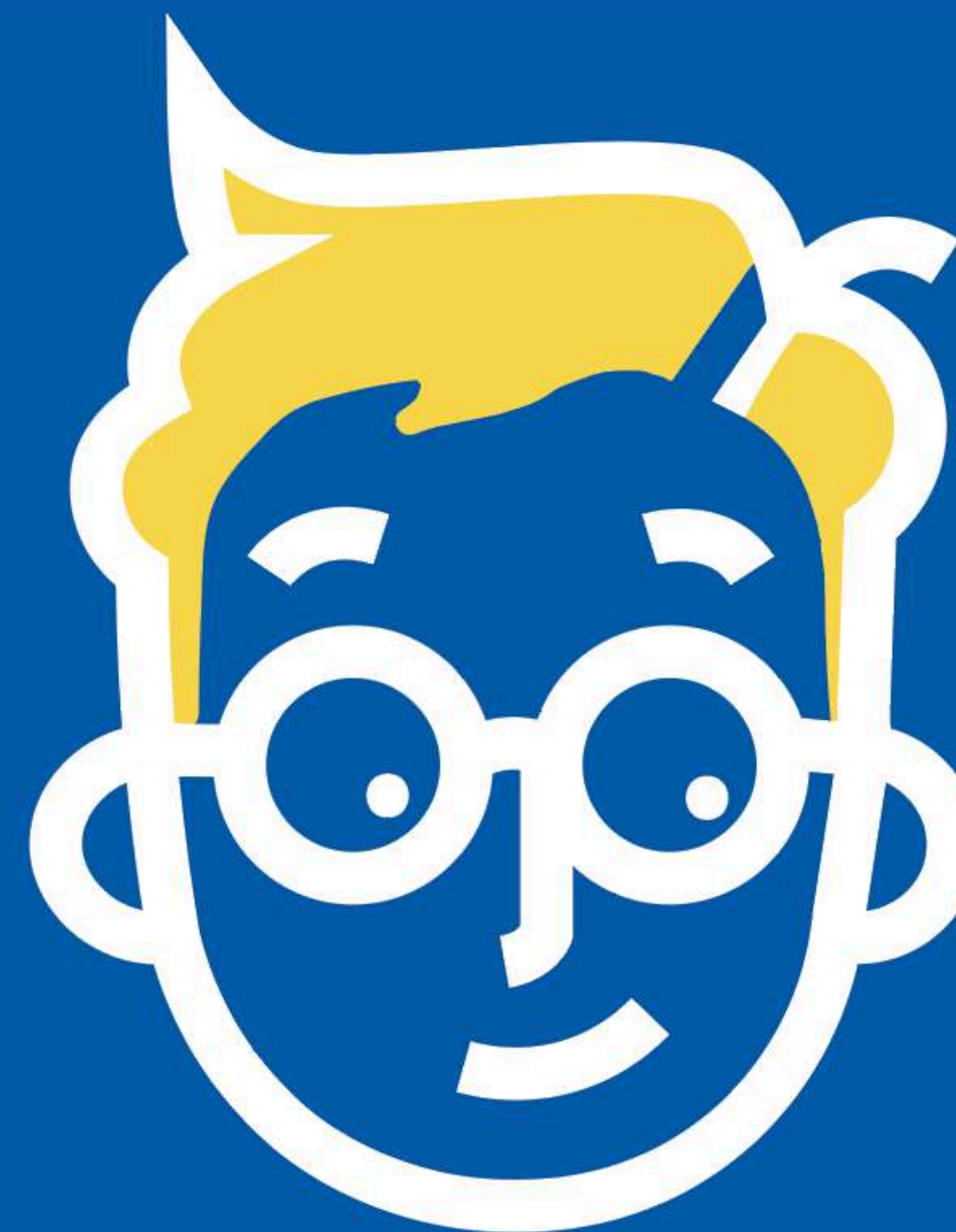
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Voice-Enabled: Sven interacts naturally through voice, creating a smooth and human-like conversation.
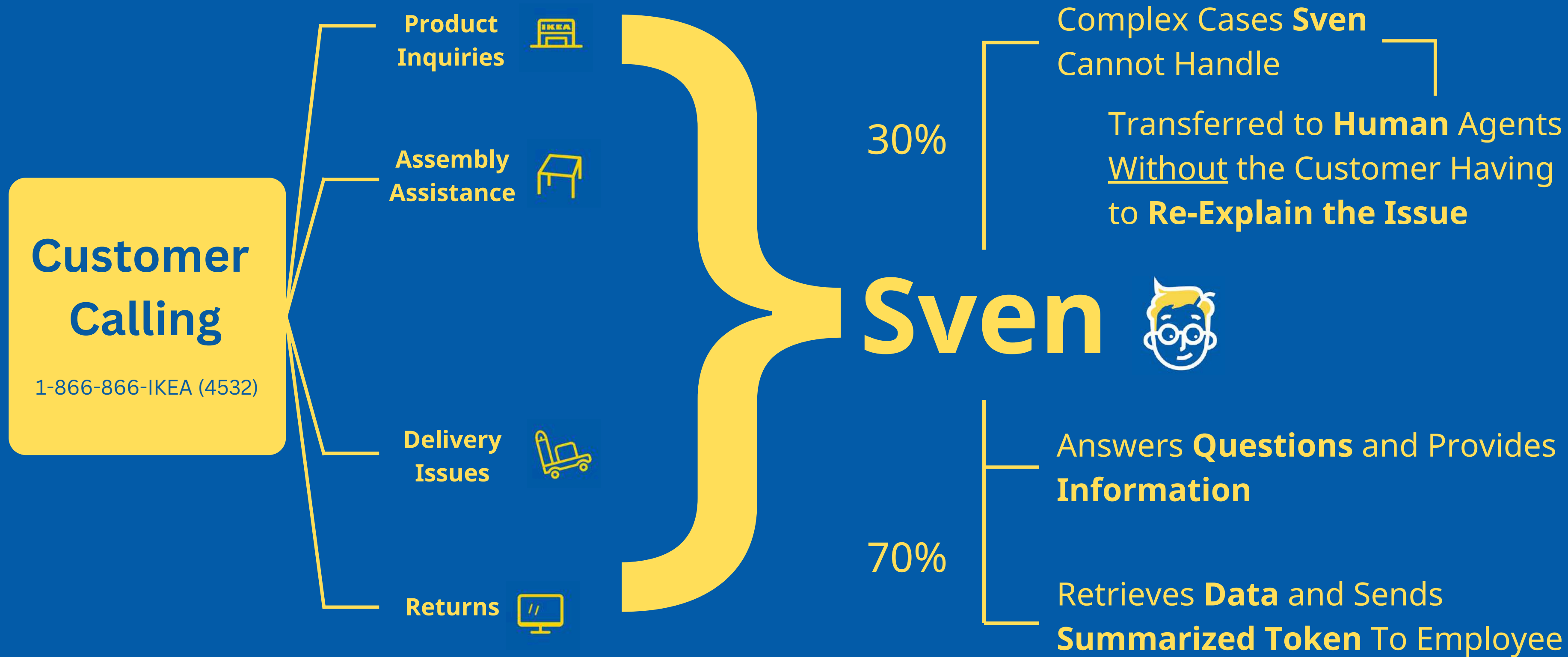
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N

Navigator: Sven guides customers step-by-step to solve problems like order tracking, returns, or assembly instructions.

Hi, I'm Sven!

The Process

Customer Calling

1-866-866-IKEA (4532)

- Product Inquiries
- Assembly Assistance
- Delivery Issues
- Returns

Sven

30%

Complex Cases **Sven** Cannot Handle

Transferred to **Human** Agents **Without** the Customer Having to **Re-Explain the Issue**

70%

Answers **Questions** and Provides **Information**

Retrieves **Data** and Sends **Summarized Token** To Employee

From **Generative AI** to **Conversational AI**

Our **solution** to the **problem**

Inefficient and Frustrating Current System (Generative AI)

- **Confusing Process:** When customers call IKEA's support number, they are asked:
  - Step 1: Customers are asked if they want to receive an SMS link to the chatbot.
  - Step 2: They must press buttons—1 for mobile or 2 for landline—to continue.
  - Step 3: They are asked to press 1 again to confirm sending the SMS link.

- **Disconnected Experience:** Customers receive a link that redirects them to a website containing the chatbot, a confusing and difficult process, especially for those who lack proficiency with technology.

- **The Troubleshooting Loop:** All the Chatbots and Artificial Service Representatives only have one solution and its to troubleshoot, so if you have a real issue, you either forget it or spend hours more re-explaining this issue to a real customer service agent.

- **Frustration Builds:** Customers looking for help quickly face delays and repetitive or contradictory prompts, leading to dissatisfaction.

2024 Fall Challenge

Our Recommendation: Conversational AI *(Sven)*

- **Seamless Support:** Sven engages customers immediately on the call without the need for links or website redirection.

- **Human-Like Conversations:** Sven provides natural, context-aware responses, making interactions feel more personal and engaging.

- **Faster Resolutions:** By keeping customers within the same channel, Sven eliminates unnecessary steps and reduces frustration.

- **Improved Customer Experience:** Customers feel heard and valued, building trust and improving satisfaction with IKEA's support system.
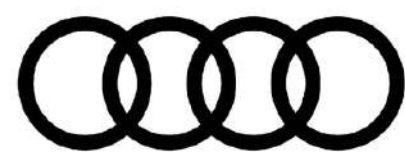
Leading companies utilize **personified** AI assistants to deliver seamless, **human-like** customer experiences that drive satisfaction and efficiency.

BANK OF AMERICA

Case Study

Erica is the Bank of America's AI-powered personalized assistant, accessible through the mobile app. Erica **leverages AI and data analyses** to improve customer experience.

Over the course of the past year, Erica has accumulated a total of over **2 billion interactions** from **42 million users.**[9] Over **98%** of clients receive the answers from Erica in **44 seconds.**[10] Bank of America estimates that Erica has contributed to a **19% increase in earnings.**[11]

Why Sven is better

Sven not only has the potential to **exceed** the **statistical success** seen with Erica, but it will improve ease of use for customers. Sven is **fully conversation** through traditional phone, which **neglects the need for app** installation. Additionally, no sign in is required, simplifying the process for customers. Sven's adaptable approach to various levels of complexity fosters a **straight forward interaction**. Sven will also demonstrate a more *human-like* **friendly approach**, solidifying brand identiy and increasing trust

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Sources: 9: Bank of America, 10: RetailBanker, 11: Aim Research

Implementation Plan

Defining Sven scope **(e.g., returns, delivery tracking)** with IKEA's IT team and **ElevenLabs** and preparing **customer support data** for AI training.

Launching **Sven** into a pilot market (Ex. San Francisco) and tracking **key metrics.**

Phase 1: Research & Planning (6-8 Weeks)

Phase 3: Pilot Launch (12 Weeks)

Phase 2: Development & Testing (10-12 Weeks)

Phase 4: Full Rollout (4-6 Months)

Training **Sven** using customer support data, and developing a conversational flow. Then integrating **Sven** into IKEA's **toll free-phone** number for preliminary accuracy testing.

Globally scaling Sven with multilingual support, and **training agents** to manage complex cases when necessary.

Phase 5: Monitoring & Optimization (Ongoing)
Continuous tracking of key performance indicators and refining responses based on feedback or malfunctions.

Key Performance Indicators

1. Response Time: Average first-response time reduction to below 5 seconds for Sven queries.

2. Query Resolution Rate Automate and resolve 70% of routine inquiries without human intervention.

3. First Contact Resolution Achieve a 90% resolution rate on the first interaction for AI-handled queries.

Do Customers *Feel Heard?*

What do customers *truly want* from IKEA's support experience?

What Customers Want:

Quick Resolutions: Customers expect seamless support when facing issues, without delays or complex processes.

Human-Like Interactions: Robotic responses create frustration; customers want empathetic and personal assistance.

Effortless Access: Customers dislike being redirected multiple times or forced to navigate confusing systems.

What Customers Get:

Long Wait Times: Customers typically face long hold times or delays, especially during peak hours.

Inconsistent Service and Unresolved Issues: Customer support agents often lack knowledge on specific issues and give unclear information, leading to customers repeating issues with different agents.

Lack of Empathy: Customer support agents often feel transactional, giving scripted, emotionless responses.

Why Sven is the Best Solution:

Real-Time Conversations: Unlike traditional call agents or chatbots, Sven offers an interactive, human-like experience that resonates with all demographics, including Gen Z.

Multichannel Potential: While primarily focused on phone calls, Sven's AI framework can be integrated into IKEA's digital customer service ecosystem.

Cost-Effective Scale: More agents is expensive and unsustainable; Sven handles high volumes efficiently, while human agents focus on complex cases.

Key Financial Statistics

Current Customer Support

Estimated Annual Cost: **$341M–$683M**

Includes expenses for human agents, training, and overhead.

High dependency on human labor increases **inefficiency and delays**.

Post-Sven Cost Savings

Reduced staffing: **1,642–3,285 agents** after Sven implementation.

One-time implementation cost: **~$1M** (IT, training, and AI setup).

Estimated annual cost post-AI: **$86M–$171M**

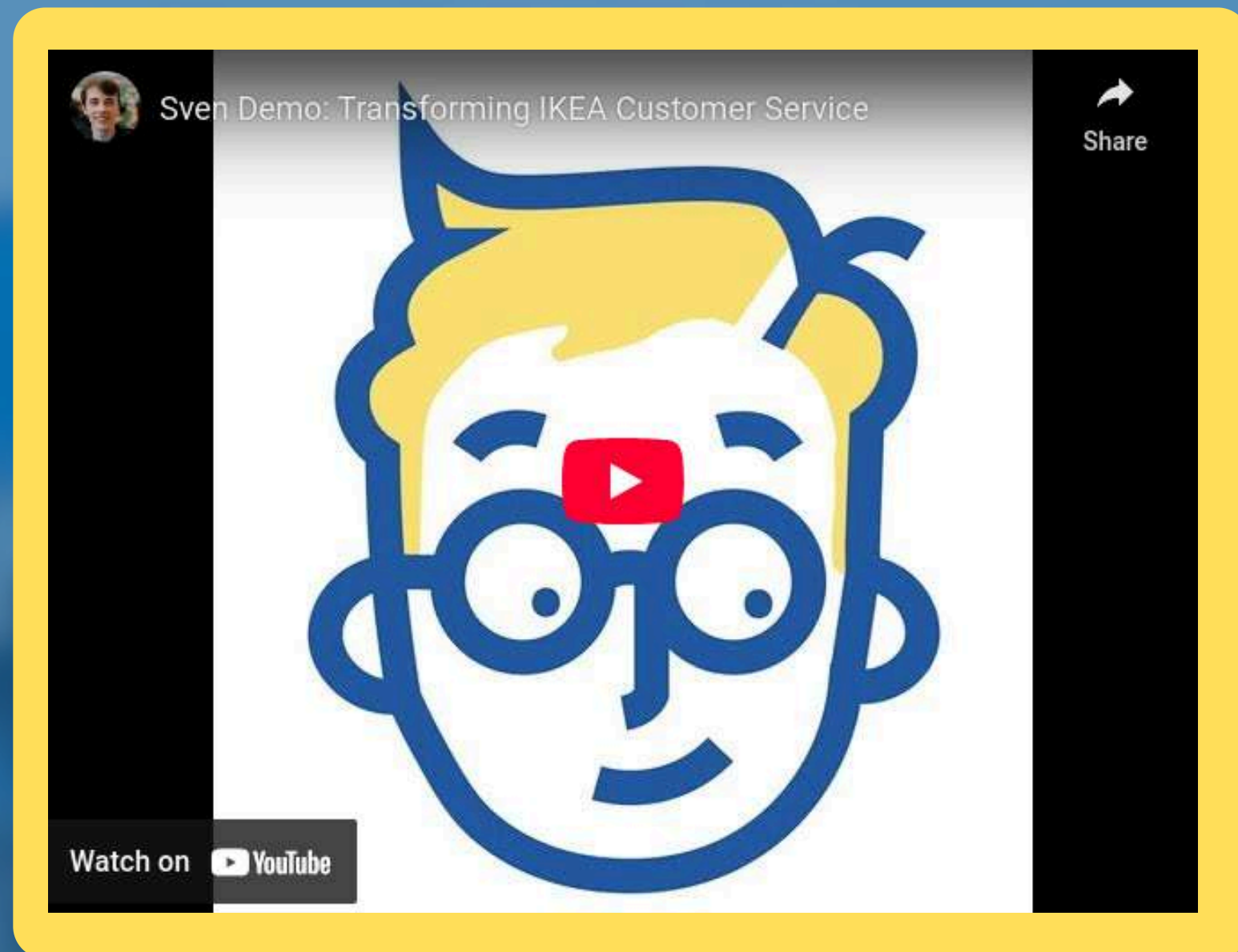## Return on Investment

Estimated Annual Savings: **$256M–$512M**

ROI: **25,589%–51,209%**

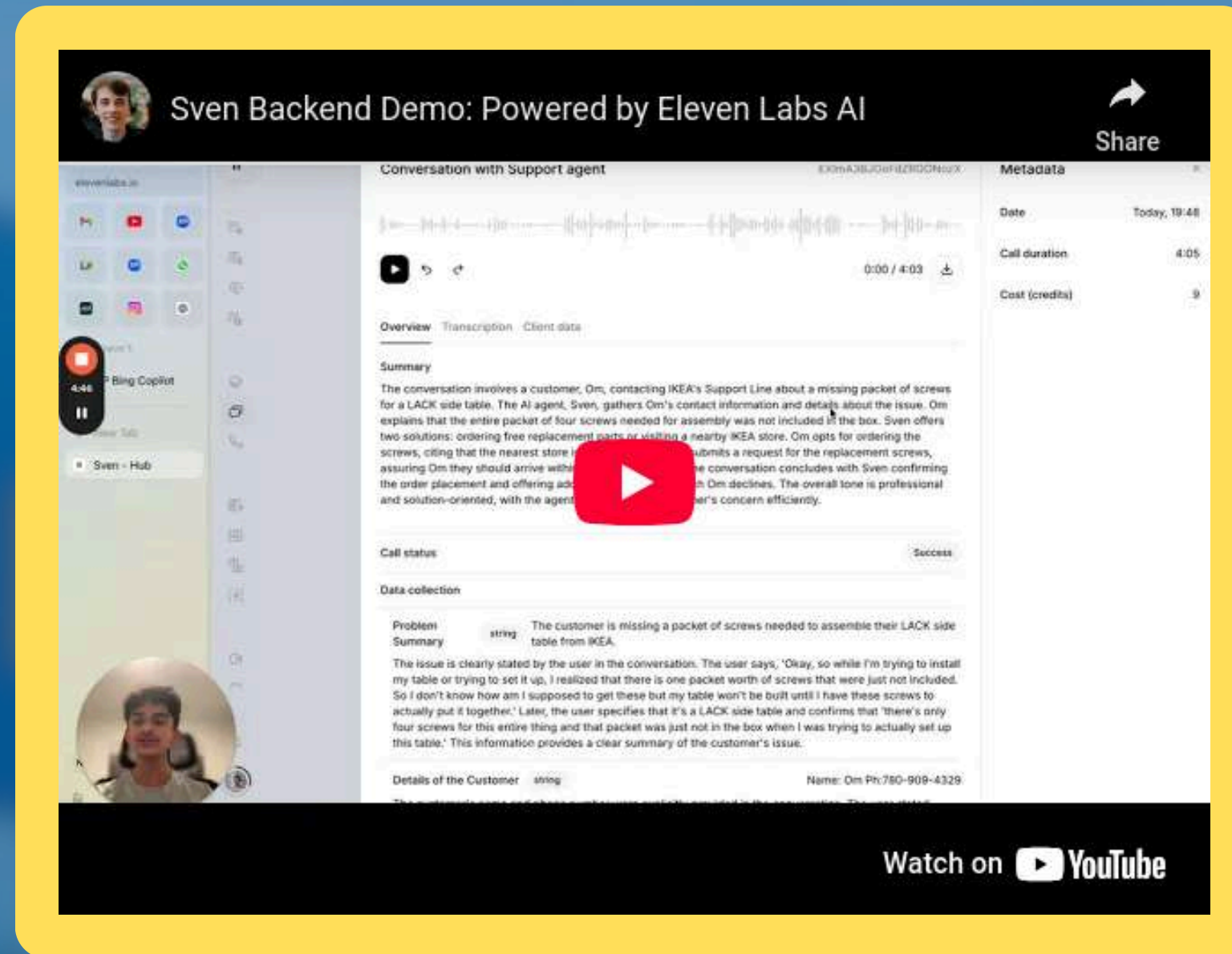Savings per **$1** invested: IKEA earns **$255–$512** in cost reductions.

In 5 years, a total of **$1.2B - $2.5B** would be saved.

In-depth Explanations of Calculations

How Does Sven Work?

Try Sven For Yourself!: https://bit.ly/TestSvenAI

On A More Personal Note...

Thank you for giving us the opportunity to contribute to IKEA's vision of enhancing the customer experience. We truly appreciate your time and support throughout this process.

We hope our recommendation for Sven, the AI-powered customer assistant, provides valuable insights for IKEA's future innovations.

Thank you again, and we're excited to see IKEA continue making a meaningful impact!

Warmly,

Gabriel, Darien, Yousef, Om, Aryan, and Jeff.

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