

Title: An Exploratory Study of Sourcing Options for Alternative Materials to Leather

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Sustainability has become an ever-pressing issue which is at the helm of everything we do, both in our professional and personal lives. It has gained momentum across all consumers and customers which is also forcing companies to engrain sustainability within their products and services. This wave of change has also hit IKEA, which is one of the world's largest retailers. IKEA has taken the challenge of making their products more sustainable by the horns and is leading the way for other companies as well.

Leather is a traditional and trusted material which has been in use for generations and is at the crux of IKEA's furniture offerings. Due to environmental and social sustainability, and animal welfare concerns, IKEA is looking to complement and maybe even substitute leather in the future with alternative materials. This thesis thus aims to identify and analyse potential new materials for the inclusion to IKEA's portfolio in the "leather" catalogue. The purpose of this master thesis report is to understand the current leather supply chain, identify and analyse potential new alternative materials to leather and how can they be included in IKEA's leather catalogue and identify their sourcing options.

The thesis begins with an analysis of the different issues with leather and PU coated fabrics supply chains, highlighting the different risks associated with them. Two life cycle assessment (LCA) studies are carried out to measure the CO<sub>2</sub> equivalent from the production processes of these materials which can be later used by IKEA to identify hotspots for emissions. The authors next identify the different alternative materials available in the market at the moment, which are then categorized and analysed based on the properties of leather. A two-step framework is created for the evaluation. The first step involves a categorical supplier selection wherein the different suppliers are rated based on their performances on the five pillars of IKEA's Democratic Design (sustainability, quality, form, function and price). The top two suppliers from each category are selected for the next step which involves a comparative analysis of the suppliers through an AHP. The AHP gives the highest preference to their performance on sustainability and price. Lastly, in order to help IKEA move closer to their goals for circularity, a SWOT analysis is carried out for the two suppliers which are working with technologies to recycle post-industrial leather waste.

Based on the findings, the authors suggest recommendations for the short, medium and long term. These can be used by IKEA along with the framework to select a supplier which would meet their needs. The findings of this research can be used by other companies working with leather who are looking to learn more about leather and use alternative materials for their products.