

The IKEA Effect

Marketing Research
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BACKGROUND

1950s

Instant cake mixes were introduced to simplify the life of the American Housewife.

Housewives were resistant because the pre-made mixes made cooking seem too easy, and undervalued their labor and skill.



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SOLUTION: INCREASE EFFORT

Manufacturers changed the recipe to require adding an egg to infuse the task with labor.



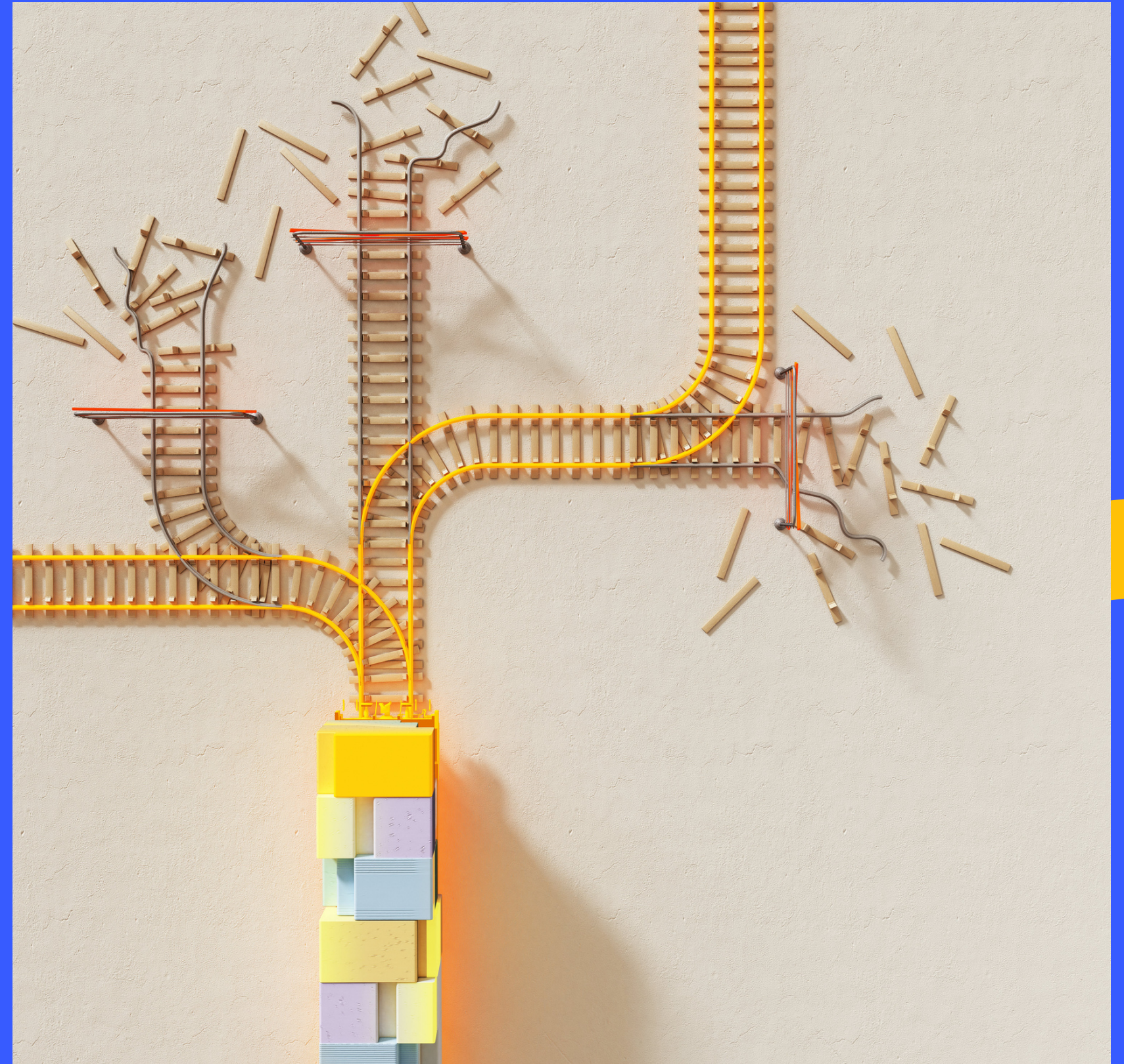
IKEA: Flat-Pack Furniture

“We bring the IKEA brand to millions of homes, offering well-designed, functional, durable, affordable and sustainable home furnishing solutions to people with big dreams and thin wallets.”



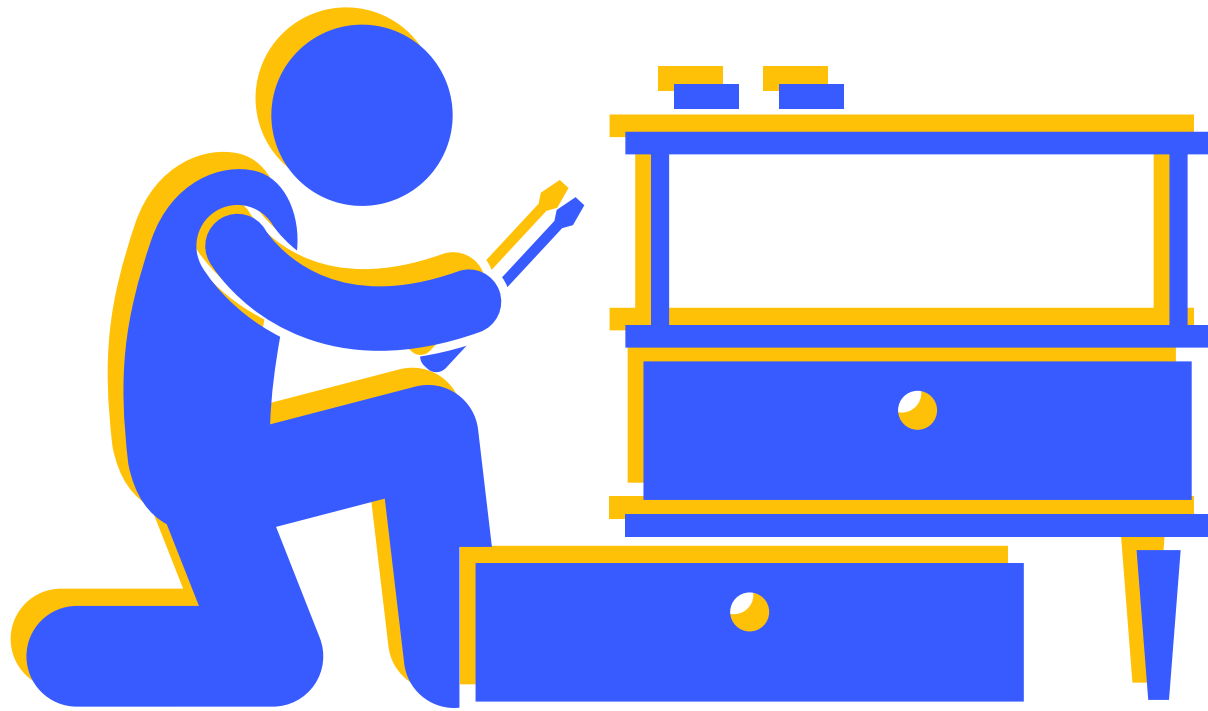
COGNITIVE BIAS

A systematic thought process and coping mechanism caused by the tendency of the human brain to simplify information processing through a filter of personal experiences and preferences.



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Questions to consider:



Q1

Why would we want to pay more for doing more work ourselves?



Q2

Does the IKEA effect come into play in other areas of life?



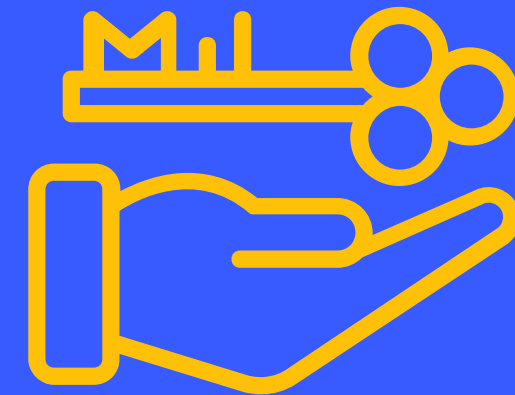
The IKEA effect



01. Need for
competence



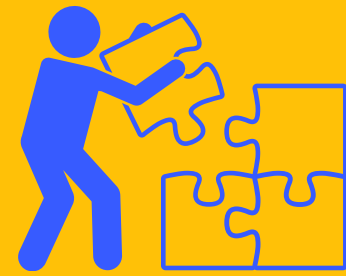
02. Effort
justification



03. Endowment
effect

RESEARCH & FINDINGS

Researchers ran a series of tests to find out if their belief in the IKEA effect was justifiable.



Group 1A

Demonstrates the basic effect, showing that participants who assemble products value them more highly than identical pre-assembled products.



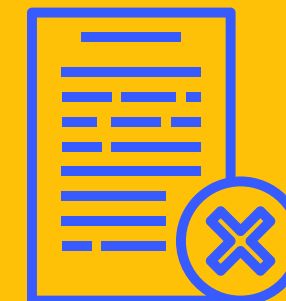
Experiment 2

Examines the value-destroying effects of undoing one's labor.



Group 1B

Replicates the effect with origami, and compares participants' estimates of the value of their origami creations to other's estimates.



Experiment 3

Participants built an IKEA box, while others were allowed to complete only half of the steps to complete the box.

Build-a-Bear



Offers people the “opportunity” to construct their own stuffed animals, while still charging a premium even as production costs are left with the customer.

Build-a-Bear & the IKEA Effect

BUILD-A-BEAR



- Charged a premium
 - Consumers left paying for the work they do
 - More effort required
- However...
- Customizable
 - Gain an experience

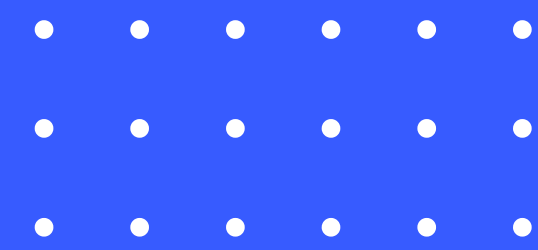
OTHER OPTIONS



- Includes production and labor costs
- No effort required
- Usually cheaper



Although different activities serve multiple motivations, the notion that labor can increase people's willingness to pay is an underlying theme.



Resources

https://www.sciencedirect.com/science/article/pii/S1057740811000829?casa_token=WlnLSrgKpowAAAAA:ozenmYBP8Ga8_M3NWOh_glzOmqqZxcez6aQhRQc5tGWNtVUJCPGU_cvduA4r-mq2bq8EeDEEKYo

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<https://visitbirmingham.com/things-to-see-and-do/build-a-bear-workshop-p1376281>