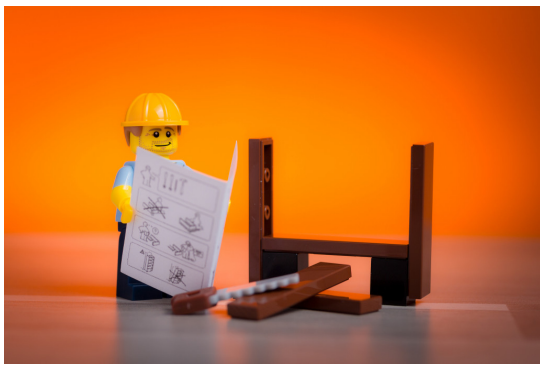
CogBlog – A Cognitive Psychology Blog



www.riskology.co

You wake up one day with the urge to build something—let's say it's a chair for your kitchen table. You print the instructions from online, go to the hardware store to get supplies, and then you set up shop in the garage, ready to build your masterpiece. It already seems like quite an undertaking, doesn't it? And that's before you realize that you will make a cut too short, need more wood, and all of a sudden the project is going to take twice as long as expected. So, as you stand there in the garage amidst your frustration, you might ask yourself...why the heck am I doing this? Well, I have good news for you. Wood-working enthusiast or not, thanks to the IKEA effect, you're going to love that chair far more than the one you saw last week at Bob's Discount Furniture.

The IKEA effect is a cognitive bias whereby people ascribe greater value to a product they created than to one (of similar quality) that they purchased (Norton, Mochon, & Ariely, 2012). Norton, Mochon, & Ariely coined this term after the Swedish furniture company IKEA. For those of you who aren't familiar with the brand, nearly all their products require some assembly. For example, after purchasing a bookshelf, you will need your Phillips screwdriver and Allen wrench to fasten the wooden slabs together (see for yourself here).

Before we look into why this business model works, I want to highlight some other examples from the DIY realm. For the first example, let's time travel to the 1950's. The Second World War brought with it significant change of the culinary sphere: with less leisure time than before, homemakers were encouraged to bring canned goods and instant mixes into their kitchens (Shapiro, 2004). Although this was convenient, Shapiro notes that people didn't enjoy the product of an instant cake mix as much as something they baked from scratch. So, food manufacturers met consumers in the middle of the road: they created mixes that required the addition of an egg. This extra step, as little as it may seem, contributed to increased customer satisfaction! The other example I have is more abstract. Take a second and think about your dream vacation... a beach in the Caribbean or a cabin on Lake Champlain, maybe? Wherever it may be, I'm guessing you didn't think of a farm in Colorado where you would shovel hay and milk cows, right? On the off chance that you did, you are part of the growing niche of

those who enjoy "haycations". Haycations are working vacations, often on a farm or ranch, where people can get their hands dirty and help out with every-day chores (Moye, 2016). In return they get satisfaction from gourmet meals and a great night's sleep. If you are sitting there and shaking your head in disbelief, hold on, I promise there is a method to this madness.

http://wearevolcanic.com

The IKEA effect is closely related to another cognitive bias called effort justification, where the more effort we put into a task, the greater value we assign to the final outcome (Festinger, 1957). Norton, Mochon, & Ariely developed a three-part experiment—where participants built IKEA boxes, folded origami, and constructed Lego objects—that highlights the important aspects of the IKEA effect. After subjects completed their respective task, they were asked to evaluate the worth of their product compared to similar ones that were created by experts in the field. Interestingly, participants were willing to pay 63% more for the box they created than a preassembled one from the store, and this increased evaluation applied to both utilitarian (box) and artistic (origami/Legos) objects. Importantly, the experimenters ruled out custom tailoring of the product as an explanation for the IKEA effect by using boxes and Legos that didn't allow for personalization. Lastly, the research suggests that the IKEA effect builds on effort justification in that successful completion of the project is required for participants to assign increased value to it.

Now that you know companies like IKEA are manipulating you into loving their products, you may wonder... are humans the only gullible dimwits that fall to this trap? To your relief, we are not alone, as the European starling shows a similar cognitive bias (Kacelnik & Marsh, 2002). In their study, Kacelnik & Marsh divided these birds into high-effort and low-effort groups. The high-effort group was required to fly 16m to reach a colored key that, when pecked, administered a food reward. The low-effort group was required to fly 4m to reach a differently colored key that provided the same reward. After five of these "no-choice" trials, birds were given one "free-choice"

trial where they could choose either colored key without expending any effort. Interestingly, most birds chose the key associated with the high-effort condition! The authors attribute this finding, in part, to context-dependent memory formation. They suggest that, because birds from the high-effort group used more energy, they enjoyed their reward more than did birds from the low-effort group. This contextual information (i.e. internal state/emotions) is tied together with the actual memory of feeding, and it prompts the birds to want that increased satisfaction on future trials.

Let's keep being fancy and use some more big words to describe what's going on here. Previous research has shown that people, at their core, crave self-efficacy (Bandura, 1977). This means that we gain a great sense of accomplishment and control by successfully performing some task, such as building a chair. If we feel accomplished about our performance, there's a good chance we will assign greater value to the final product. Another contributor to the IKEA effect is cognitive dissonance (Kruger et. al., 2004). No one likes to have two values or ideas that contradict each other... it's stressful. So, to reduce this stress we often take one of the values/ideas and align it with the other. Imagine you spent a lot of time and effort (positive thing) working on your chair, but your final product sucks (negative thing). Because you can't change the former, your only option is to alter your opinion of the chair from negative to positive. Now, your final product aligns with your initial investment, and you can sit happily.

www.68.media.tumblr.com

Okay... time to get real. The IKEA effect isn't just something that we read and talk about—it's actually put to use by manufacturers everywhere (Schreier & Kaiser, 2009). If you take a second to think, you'll come up with many examples. Your student club justified paying extra for that customized t-shirt you own, your father won't accept any of the offers for the 1968 Mustang he refurbished even though his original goal was resale, and your aunt thinks that the new siding she put on the house makes it worth far more than do her potential buyers. These things are important to realize. Whether you try a new DIY project every weekend or you're picking up a hammer and nail for the first time, take a second to think about your work and give it the appraisal it deserves.

References

Bandura, A. (1977). Self-efficacy: toward a unifying theory of behavioral change. *Psychol Rev, 84*(2), 191-215.

Festinger, Leon (1957), *A Theory of Cognitive Dissonance*, Stanford, CA: Stanford University Press.

Franke, N., Schreier, M., & Kaiser, U. (2009). The "I Designed It Myself" Effect in Mass Customization. *Management Science, 56*(1), 125-140.

Kacelnik, A., & Marsh, B. (2002). Cost can increase preference in starlings. *Animal Behaviour, 63*(2), 245-250.

Kruger, J., Wirtz, D., Van Boven, L., & Altermatt, T. W. (2004). The effort heuristic. *Journal of Experimental Social Psychology, 40*(1), 91-98.

Moye, J. (2016). Hacation, Anyone? *Dorado*. Retrieved from https://doradomagazine.com/farm- stays.

Norton, M. I., Mochon, D., & Ariely, D. (2012). The IKEA effect: When labor leads to love. *Journal of Consumer Psychology, 22*(3), 453-460.

Shapiro, Laura (2004), *Something from the Oven: Reinventing Dinner in 1950s America*, New York: Viking.