

The IKEA effect

Harvard Business School have a study that you may want to know about if you are listening to this at a weekend or on holiday and are tempted by some home improvements or DIY... the study is called 'The IKEA effect'.

We may know IKEA for its maze-like shopping floors, the cheap and delicious meatballs, lingonberry jam and Billy bookcases but there is much more to IKEA than that. Most of us probably won't think about IKEA's origins whilst shopping there, we are probably too caught up in trying to work out how to get out. But next time you're there, perhaps you can raise a meatball to IKEA's founder.

IKEA is named after its 17-year-old founder Ingvar Kamprad's, who took the initials of his name Ingvar Kamprad, added it to the name of the farm on which he grew up called Elmtaryd and then added the nearby village, Agunnaryd to get IKEA. His dream, from such a young age, was to create a better life for as many people as possible, even if they had very little money. That mission of a 17-year-old from Sweden, is still the driving force today.

Back in 1943, Ingvar imported things like pens and watches, it was only in 1948 that he added furniture. By 1951 he had launched what is now the iconic IKEA catalogue but not without some cynicism from the industry. Some said that the prices were so low that the quality of the furniture could not be very good, his manufacturers even boycotted him due to those low prices. So, in response to that challenge, Ingvar brought his production in house. He rented a workshop, turned it into a showroom to display the furniture then people could see it for themselves. He designed, produced, and now showcased, his furniture.

Although this solved one problem, it created another. If the furniture was fully built so people could see the quality, it was going to cost more to ship. Ever the pragmatist and entrepreneur, Ingvar solved this problem by taking the legs off a coffee table so it could be packed flat. They never went back; from that point on as many products as possible were packed in this manner to save IKEA customers money. What flat pack doesn't save is time.

Michael Norton who writes about the IKEA effect refers to the studies on cognitive dissonance going back to the 1950s which shows that the harder we work at something, the more we will cherish it independently of its other qualities. Perhaps it is because we want to justify our effort to others or feel like we did something great. Studies looked at IKEA 'builders' who had assembled a box, they bid 64% more for the same box than 'non-builders' who had inspected the box, but not built it. The 'labour of love' effect is at play here – because it cost me my effort, it is now worth more.

In fact, Norton also argues that the whole IKEA experience is based on the 'labour of love' idea, and says this...

"They make you walk through the entire store to get to the checkout. Along the way, you have to take notes. And then you get to play gofer, pulling your stuff from inventory yourself. And that's all before you even go home to tackle the Rubik's Cube that is your future desk".

Even if this is the case, it appears we can't get enough of it. In 2023, IKEA was the seventh most valuable retail brand in the world, valued at over 21 billion U.S. dollars. It has 471 stores around the world, with the majority of locations being based in Europe. In 2023, approximately 860 million customers visited IKEA stores.

Application

IKEA is not on its own now though, there are more and more businesses who are making us do the work ourselves and we are falling over ourselves to engage. Build a Bear uses the same philosophy with great success. Hello Fresh, Simply Cook and all the food menu services that have sprung up are expected to be valued at 20 million dollars by 2027. And now there are cake mixes in bottles where you only have to add an egg, but it still feels like you have made the cake, they too are on the up. So why do we love the 'labour of love' philosophy? And what has this got to do with us in schools?

1) Ownership is important

The endowment effect is when we value items that belong to us, and we have a sense of ownership. When we buy the BILLY flatpack bookcase and wrestle with it all until we have made it, we feel like it is ours. It has memories in it, the place where we put the wrong piece in or the person we built it with, or the laughter when we got it the wrong way round.

The same with Build a Bear, anyone can go into a shop and buy a bear but going into a shop and choosing the bear, stuffing it on the machine, adding a heart and a scent, making a wish, getting its birth certificate, buying the thing clothes...that will cost you a whole lot more but your child will think it's the best day of their lives. You can never send that to the charity shop because they own it in a whole different way to an off the shelf teddy.

The same with apps that we use in school – there is a reason why our young people can make their avatar, give it clothes, earn points to dress it up and name it - they own it. If we own things, the research suggests we are more likely to engage with it. As adults, some may think it is non-educational fluff but it serves its purpose to create an ownership, and therefore a commitment, that may not exist otherwise.

2) Self-efficacy is part of feeling good

We like to feel we can do things. We NEED to know we can or we sometimes think we are useless which knocks our self-confidence. Self-efficacy and IKEA also have a link. In one study, people were shown a hard maths question and an easy one. Then they were shown a bookcase from IKEA and were asked whether they would like it pre-assembled or to build it themselves. Those who had had their sense of competence challenged in the maths challenge, were more likely to say they'd prefer to assemble a bookcase on their own!

Feeling like we are incapable of something increases our desire to prove ourselves and appear competent and then when we do achieve it and feel great about what we have done...we value it more highly. Building LEGO works exactly the same way. The struggle is the point, building it brick by brick IS the good bit, that's the hard part!

3) BUT... We have to watch our judgements

Here is the health warning to this though...sometimes we get taken in because we are invested in something and we feel we own it, we over value it. Then, when people criticise it, we can have a reaction that is not always logical. For example, we may have worked hard on a series of lessons for the team, we spent hours and made it from scratch. So, when a new leader comes in and suggests changes, we don't want to make any. Perhaps our reaction has something to do with the memory of what it cost us, the time it took and the ownership we feel and so we feel offended. We have to watch our judgement is not tainted by the 'labour of love' effect.

We also have to watch our time versus the benefit. Sometimes it is great to build something from scratch and own it but is it really worth the time? Is that the most important thing you could be doing with your time? We must always weigh the product with the cost of our time.

There is also a warning if you are parents or carers of children or parents of animals. The dotting effect is when we are so invested in our children or animal that we only see the good because we know what it took to get there. We know the effort we have invested to get them to where they are and so because we value our effort and time, we sometimes over inflate their achievements or perhaps even settle for lower standards because we know the effort it has taken to get them to this point in the first place.

When we show off how bright our child is or how wonderful their singing is or the impressive behaviour of our dog because we know how far they have come, just be aware that you may have fallen under the spell of the dotting effect. Perhaps get a second impartial opinion. In schools, sometimes WE are the impartial opinion for parents and carers. Sometimes that isn't always welcome. When we are so invested, it is sometimes hard to hear the truth.

If we feel attached to a bookcase, the labour of love may be far greater with actual living things!

QUESTIONS

For these questions, you may want to think about something you have introduced at school that you spent lots of time to and are attached to, or your relationship with a person or something you have invested in and physically built.

- 1) What are you attached to that has less value than you may feel it has? This could be a piece of work you have done at school that you are holding on to. How may your 'labour of love' feelings and the IKEA Effect be impacting your judgement?
- 2) If building things together can make us feel more ownership, belonging and investment and lead to valuing things more, what do you need to build together as a team? If you have built something alone, how are you going to get others to feel the way you do about it?
- 3) Where do you need to boost the IKEA effect with your young people? Are there areas in your curriculum, moments in the school day or tweaks to your approach that could be considered to help them feel ownership and to build their self-efficacy?
- 4) When we work with parents in school, how can we sensitively handle conversations where 'the dotting effect' is in play?

Perhaps next time you are in IKEA remember your labour of love may make you feel great in the end but just check your time is worth the effort! Good luck!



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