

MBA · CONSUMER BEHAVIOUR & STRATEGY

The IKEA Effect

Why we love what we build — labour, ownership and customer attachment

Dr. Aftab Ahmad

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THE PUZZLE

Why pay **MORE** to build it yourself?

- ◆ A factory could assemble your furniture perfectly, in minutes.
- ◆ Instead, you spend an evening with an Allen key and a confusing manual.
- ◆ And somehow — you love the result more. Why?



THE STUDY

A test with paper cranes

- ◆ Harvard's Michael Norton (with Ariely and Mochon) ran a now-famous study.
- ◆ Beginners were asked to fold their own origami cranes and frogs.
- ◆ Then everyone bid on the paper creations — their own, and others'.



THE TWIST

They loved their own wonky cranes

- ◆ Beginners rated their lopsided cranes as highly as ones folded by experts.
- ◆ Outsiders saw the same cranes as near-worthless scrap paper.
- ◆ The effort of making it changed what it was worth — to the maker.

5×

builders valued their own clumsy cranes far
above what outsiders would pay

THE NAME

We overvalue what we help create

- ◆ The IKEA Effect: we place disproportionate value on things we build ourselves.
- ◆ Named for the flat-pack furniture you assemble at home.
- ◆ Our own labour inflates the price tag in our minds.



THE PRINCIPLE

Sweat becomes sentiment

- ◆ Effort is not just a cost — it becomes a reason to value the result.
- ◆ We justify the work by loving what it produced.
- ◆ The more of ourselves we put in, the more it feels like ours.



THE BUSINESS

Flat packs cut the costs

- ◆ Flat boxes ship more units per truck and stack in tiny warehouses.
- ◆ Customers carry and assemble — labour the company never pays for.
- ◆ This alone is a brilliant low-cost operations play.



flat packing slashes shipping, storage and
warehouse cost

THE INSIGHT

Inconvenience turned into attachment

- ◆ Cheap shipping was the visible benefit — and the smaller one.
- ◆ The hidden masterstroke: the hassle of building it made customers attach to it.
- ◆ An inconvenience was quietly converted into loyalty and love.



THE PSYCHOLOGY

Four forces behind the feeling

- ◆ Effort justification — we value what cost us work.
- ◆ Ownership (the endowment effect) — what we touch feels like ours.
- ◆ Competence — finishing it makes us feel capable.
- ◆ Identity — the object now carries a bit of us.



THE CATCH

It only works if you succeed

- ◆ The magic needs a completed, successful build.
- ◆ Fail or give up halfway, and the effect reverses into frustration.
- ◆ Design the task to be effortful — but winnable.



THE EXAMPLES

The effect is everywhere

- ◆ Build-A-Bear: a child stuffs the toy and never lets it go.
- ◆ Meal kits and bake-at-home mixes: you 'cooked' it.
- ◆ LEGO, customised sneakers, build-your-own salads and CRM dashboards.



THE STRATEGY

Invite the customer into the work

- ◆ Co-creation moves the customer from buyer to builder.
- ◆ A little effort upfront buys lasting attachment and lower churn.
- ◆ People defend what they helped make — and recommend it.



THE PLAYBOOK

How to use it without abusing it

- ◆ Add meaningful effort, not busywork — let the customer make real choices.
- ◆ Guarantee the win: clear steps, good tools, a finish they're proud of.
- ◆ Let them sign their work — personalise the final result.



THE LINK

Effort is a value-creating activity

- ◆ The customer's own labour now sits inside your value chain.
- ◆ It lowers your cost AND raises their perceived value at the same time.
- ◆ Few levers improve both sides of the margin equation at once.



THE DEBATE

Bring an example to class

- ◆ Name a product YOU value more because you helped build it.
- ◆ Where could a brand you know add effort to deepen attachment?
- ◆ When does the IKEA Effect cross the line into making customers do your work?



EFFORT BECOMES LOVE

The real genius was converting the inconvenience into attachment. Where else can you turn effort into love?

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