



### **What's the Ikea Effect?**

The Ikea Effect is simply the idea that we value things more if we make them ourselves. The name of the concept is based on a psychological experiment published in 2012. In the experiment, participants in two groups were each given a storage box from Ikea. Those in the first group were each given an *unassembled* box and asked to put it together.

Those in the second group were each given a box that had *already been assembled* by someone else. Then, members of each group were asked to indicate how much they'd be willing to pay for their box. You can probably already guess the outcome: participants in the first group - those who had built their box - were willing to pay 63% more than those who had received a pre-assembled box.

The result isn't all that surprising – when we make something, we feel pride in it and value it more. Most of us have experienced the Ikea Effect many times throughout our lives without ever knowing it had a name. But when we think about the Ikea Effect in the context of our day-to-day finances, it can help us make better spending decisions. Click this [link](#) to learn more about the 'Ikea Effect' money hack and how Manulife Bank can help when it comes to home renovations.