

PROJECT DISSERTATION REPORT

“IKEA EFFECT: CREATING CUSTOMER VALUE THROUGH CUSTOMER ENGAGEMENT”

Submitted By

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CERTIFICATE FROM INSTITUTE

This is to certify that the Project Report titled “Ikea Effect: creating customer value through customer engagement”, is a bonafide work carried out by Ms. Nikita Patyal of MBA 2020-22 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfilment of the requirement for the award of the Degree of Masters of Business Administration.

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DECLARATION

I declare that the project report is my own work conducted under the supervision of Dr. Deep Shree.

I further declare to the best of my knowledge that this report does not contain any part of any work, which has been submitted for the award of any degree either in this university or in any other university/ deemed university without proper citation

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EXECUTIVE SUMMARY

There are some anecdotes that are so good that they appear in practically every story on a particular economic idea. According to legend, in the 1950s, General Mills was looking for ways to increase sales of their Betty Crocker cake mixes. It enlisted the help of Ernest Ditcher, the "Father of Motivational Research." Ditcher was in charge of focus groups. He then urged the corporation to change the recipe. Replace the requirement for fresh eggs in the cake mix with powdered eggs. Baking with an all-instant cake mix is far too simple. It undervalues the cake maker's labour and ability.

Give the baker a bigger stake in the end product. Making things more difficult to get customers to appreciate them more is a tried and true marketing strategy some seven decades later. The "IKEA impact" is now well-known. The IKEA impact may be a cognitive predisposition in which individuals put an excessively tall esteem on things that they made a difference to design.

In this paper we try to address the following questions:

- 1) How do business comprehend IKEA effect?
- 2) How consumer measure perceived value.
- 3) How to identify, analyse, and synthesize customer-focused culture?

Customers' involvement in the esteem creation handle, his impacts in this range, and his endeavours to co-create esteem are all combined beneath the heading of Client Engagement. Different studies have defined it differently, and a globally acceptable definition has yet to be developed. It has developed beyond traditional marketing and customer behaviour notions, evolving from relationship marketing and the service dominant rationale. Customer interaction has a broad and diversified scope, as do its aspects. The proactive client represents both a huge potential and a persistent threat. Customer interaction is much more important in India, which is young, competitive, consumptive, and highly connected.

TABLE OF CONTENT

S. No.	PARTICULARS	Page No.
1	INTRODUCTION	7
2	LITERATURE RIVIEW	9
3	RESEARCH METHODOLOGY	10
4	CHAPTER 1: Labour and Love	11
5	CHAPTER 2: Feel Good Factor	24
6	CHAPTER 3: Personalisation	31
7	FINDINGS AND RECOMMENDATION	40
8	LIMITATION	44
9	CONCLUSION	47
10	REFERENCES	48

Introduction

1.1 Background

The IKEA Effect is a psychological state of mind that occurs when you have successfully made something (Hultén, B. 2012). It is all about how personal participation in a process produces and improves value. It shows up in the way you value things. When compared to the same product developed by someone else, the ones you created have a propensity to be more valuable. The value of the ultimate product is immediately increased by allowing the client to participate in its creation (at least as perceived by the participant, i.e. the customer).

The term is derived from the Swedish furniture firm and retailer IKEA, which sells a variety of self-assembly furniture. Consumers are typically willing to spend more money for experiences that require them to put in more effort due to the IKEA effect. These encounters can be entertaining because they play on emotions, but they also lead to consumer overspending.

The IKEA effect can also cause us to have a distorted view of the final product: when we work hard on something, we are proud of it and tend to be overconfident in its quality. Customers doing the majority of the labour, feeling fantastic about it, and believing they've gotten 'better value for money' is the holy grail for businesses.

General Mills was looking for ways to increase sales of its Betty Crocker instant cake mixes in 1950. Ernest Ditcher, a psychologist, was assigned to the case. His recommendation is to use fresh eggs instead of powdered eggs in the cake mix. All-instant cake mixes make baking far too simple, undervaluing the cake maker's labour and ability (Shapiro 2004).

1.2 Objective of the study

The IKEA Effect is particularly important now, given the shift away from mass customization and toward co-production. In recent days, the market has seen a substantial increase in "do-it-yourself" products. Meals, kits, art features, décor and furnishing goods, and so forth are examples of these.

Customers that are able to customise their own experience place a higher value on the service and are more likely to return. So, what kinds of services could benefit from the IKEA effect? Let me provide two examples:

1. Customers are ready to pay more for products that require them to do some work themselves, which lowers the cost of assembly for businesses and allows them to make more money.
2. Also, because products are unassembled, they are easier to transport, resulting in higher profit margins for businesses.

It is critical for businesses today to understand how customers perceive the value they are providing and how they interact with enterprises and other stakeholders in order to improve their own and others' experiences. Thousands of dollars are being spent by businesses to create delightful shopping experiences so that customers can interact physically with their products.

Objective of our study is to find out:

Impact of IKEA effect on business on parameters such as: Time and effort, financial decisions, Valuations and Prioritization, How business can benefit out of this behavioural shift to understand from practitioner's perspective what are the relevant implications for how to organize collective problem solving where balancing, how managers can influence the degree to which problem solvers can learn from others or explore their own solutions by varying access to other problem solvers or by means of incentive system that influence solvers search behaviour.

Literature review

The psychological drivers of the IKEA effect have been proposed by a number of researchers. Perhaps the time and effort we put into making anything causes us to place an excessive value on the payoff for our efforts (Franke et al. 2010; Norton et al. 2012). Alternatively, the constructed thing could serve as a trophy to others, signifying pride and competence (Bühren, & Pleßner, 2014,2020;Mochon et al., 2012). Recent research has found that neither of these explanations sufficiently explains the IKEA effect, as evaluations of products were unaffected by the amount of effort put in or whether the object was clearly presented to others (Marsh et al., 2018).

We hypothesise that identification motives combine with constraints supplied at the time of creation to influence customers' judgments of their own creative outcomes when they are producing for themselves. Constraints have been demonstrated to both stimulate and limit creativity in the past (Dahl and Moreau 2007; Moreau and Dahl 2005; Sellier and Dahl 2012).The process behind the value customers gain from their own labour is examined in this study, and it is shown how this may be exploited to boost customer involvement in co-creation. This session as a whole offers fresh and diverse perspectives on the repercussions of consumer labour. When we think of ourselves, we think of two fundamental components: a personal identity associated with the independent self and a social identity associated with the interdependent self (Kirmani 2009; Oyserman 2009; Cheng et al. 2008) suggests that engaging an identity opens up relevant knowledge structures for creative endeavours.

This ease of access to knowledge structures may make creative work easier, but it may also result in more habitual and less objectively creative outcomes (e.g., Aarts and Dijksterhuis 2000). Previous research has looked at how identity-related knowledge effects both effort and perceptions of one's own creative output.Four investigations in this study show that self-customization has a favourable impact on the more general customer-brand relationship, often known as brand attachment (Fedorikhin et al. 2008; Thomson et al. 2005; Park et al. 2010).

The study explores through importance of intent, effort and authenticity leading to customer value creation. “The demand for authenticity—the honest or the real—is one of the most powerful movements in contemporary life, influencing our moral outlook, political views, and consumer behaviour. “To benefit from this trend, consultants and marketing analysts have been quick to suggest that firms take aggressive and broad action. (Brown et al. 2003, p. 21) opined over a decade ago that “the search for authenticity is one of the cornerstones of contemporary marketing.”

Finally, the study shows that brand attachment plays a mediating role in the influence of mass customization on the acceptance of a no customized product's brand extension, emphasising the relevance of include brand attachment in the theory and practise of mass customization and brand extensions. According to the findings, branded input items may profit from the self-production-induced evaluation bias.

Research Aims and Objectives

The study framework is of a conceptual character. The goal of the research is to learn more about the conceptual underpinnings of customer involvement and its many dimensions. The research also considers the topic's theoretical foundation as well as how the topic has evolved over time since it was first brought to light. Secondary sources, such as scholarly articles published in this field and earlier investigations, are used to compile the data.

The purpose of this research is to investigate the various facets and dimensions of customer involvement. Facets such as Labour leading to love, rise of do-it-yourself concept and how customer comprehend self-creation of product, authenticity, intention, personalisation. The aim of the study is how different assumptions about individual search behaviour and choice of customer measurements influence collective problem solving performance. In other words for which the paper has been divided into three chapters namely:

From Labour to love: First chapter presents a theoretical background how customer attribute greater value to products that have labour invested into it, the chapter is further divided into sub themes such as intent, authenticity, making an effort and rise of DIY concept in current environment. **Feel Good factor:** Second chapter presents why and how self-creation can give rise to feeling of supremacy and how co-creation can be useful human interaction to product leads to value creation , how customer treat human equivalent to effort and how effort leads to value creation. **Personalisation:** The Final chapter talks how brands are letting customer, personalise their own products inducing the feeling of cognizant involvement and organisation (having considerations and intentions) it talks how self-design handle motivates sentiments of victory and proprietorship, coming about within the product's subjective esteem being increased. Finally implication and limitations of the findings, present managerial implications and avenue for future research has been outlined.

CHAPTER 1.

Labour and Love

The IKEA effect is extremely similar to the endowment effect, which is another cognitive bias (Pierce, Kostova, & Dirks 2001). Which shows that customer tend to attribute greater value that they own. People place a higher value on goods that belong to them, even if they only have a sensation of ownership over them. The IKEA effect differs from the endowment effect in that it necessitates a person's participation in the construction of something.

Being deprived of labour – in the form of unemployment – has clear financial repercussions, but also lasting psychological consequences; even when people obtain future employment, the adverse impact of job loss on well-being remains (Clark and Oswald 1994; Feather 1990; Lucas et al. 2004). Work driving to esteem in this way shows up to be a really fundamental prepare, and an exertion legitimization account predicts that exertion and valuation increment in lockstep



LABOR → LOVE

CONVENIENCE ISN'T EVERYTHING

Consider a "ready-to-make" meal kit, which consists of prepared raw ingredients that you must prepare and cook yourself. These meals aim to strike a balance between the demand for convenience and concerns about healthy eating and the joy of cooking. Most HoReCa companies rely on ready-to-cook items since they simplify meal preparation, allow customers to curate their own menus, and help to streamline overall operations. YouFoodz (renowned for its handy "ready-made" meals) is one of the brands getting in on the action. Licious, a company that sells ready-to-eat meat spreads, ready-to-cook kebabs, fish, and marinated seafood, reported a huge increase in sales thanks to these "ready-to-create" choices.

One of the fresh packaged food brands, iD Fresh Foods, saw its packed parantha sales soar through the roof, among other example. This demonstrates the enormous number of people who cook and eat at home. People are opting for safer, higher-quality foods, and this shift in consumer behaviour is predicted to endure for a long time, if not forever. While many retailers emphasise on quick deliveries and ready-made, handy solutions, the Ikea effect implies that making things a little more difficult may be the key to success.

How do we comprehend the "I created it myself" effect?

One possible explanation for the endowment effect can be found in the literature: “individuals who created an object interpret it more as “theirs” than individuals who merely bought it, and in turn, subjective ownership feelings increase the subjective value of the product” (Franke, Schreier, and Kaiser 2010, p.127).

When a person has an object for a longer period of time, feelings of ownership (and consequently the endowment effect and the object's worth) are stronger. When you look at the psychological effects of empowerment-to-select tactics, you'll see that customers take on more psychological ownership of the things they choose.

The findings have clear managerial implications: “In exchange for giving up a certain degree of power to consumers, companies can not only reduce the risks associated with new products but also benefit from increased demand” (Fuchs, Prandelli, & Schreier 2010, p.76-77).

Customers are willing to spend significantly more because of research in that subject: “customized products create higher benefits for customers than standard products because they deliver a closer preference fit” (Franke, Keinz, and Steger 2009, p. 103).

Everywhere you turn these days, it appears like contemporary business is geared to keep people apart. Smartphones keep our attention glued to the screen, web retail permits us to browse and spend without clearing out the house, and computerized tellers and cashiers show up to be built to kill all human interaction.

According to my and others' thinks about, when people look at what it implies to be human, they as a rule consider two centre capacities: cognizant involvement (i.e., the capacity to feel) and organization (i.e., having considerations and intentions). This idea spins upon human-to-human interaction.

As a result, companies that point to partition their clients from other individuals are lost out on a pivotal procedure: centering their items on administrations that use the control of human contact to make noteworthy social and financial benefit.

Human interaction has a magical quality to it: Holding a spouse's hand, or in certain circumstances indeed a stranger's hand, brings down the aversiveness of excruciating jolts, concurring to consider (e.g., over the top warm, electric shocks).

A human touch imbues encounters and things with extraordinary meaning, expanding people's discernments of their esteem. Instead of proceeding to mechanize their administrations at all costs, keen businesses would do well to recognise how human presence creates value in the minds of customers. Let's go over the evidence for the three most important ways human touch matters.

Intention

Customers want to feel as if their interactions with a company were the result of human agency rather than abstract machinery. Because individuals tend to link intentionality with purpose and significance, detecting human intention at the core of the contact is crucial.

“People appreciate a massage from a massage chair more when a human controls the massage mechanism rather than a machine” (Kurt Gray, 2012). The nearness of a human passes on aim, which makes the involvement more important. Another study found that “people like the taste of candy that has been chosen for them by others rather than randomly” (Kurt Gray, 2012). “People will pay more for handcrafted greeting cards, jewellery, scarves, and knives than for machine-produced items. They believe that handmade objects are made with intentional affection” (Stijn Van Osselaer, 2015).

Demand for handmade goods has increased as a result of the digital era and the push toward mass production. Anyone who has walked through a bohemian neighbourhood has seen storefront banners boldly displaying homemade soaps and mustards, but the handmade boom extends beyond these urban enclaves. Etsy, a refuge for handcrafted items and crafts, is seeing rapid growth, and its Amazon-branded counterpart, Amazon Handmade, is following suit. According to market studies, demand for artisanal, handcrafted ice cream is expected to increase significantly over the next four years. Is it possible for customers to tell the difference between homemade and store-bought ice cream? It's unclear why, but the handmade touch appears to provide the impression of something unique.

Making an effort

Customers like a sandwich order more when they can watch the sandwich maker prepare it (Ryan Buell & Michael Norton, 2011); instead of essentially requesting the nourishment and accepting it upon conveyance.

This greater happiness is due in part to the fact that consumers value items depending on the perceived effort put in to create them – human interaction makes the effort visible.

The "effort heuristic" was at first illustrated in thinks about showing that individuals appreciate a sonnet, work of art, or coat of arms more when they figure it out it was made with more (instead of less) exertion. This isn't to say that restaurants should need cooks to fingerprint food items in order to express their work. Instead, corporations could benefit by simply boosting "operational transparency," which indicates the human effort involved in their offerings, (Kruger, Wirtz, Boven, & Itermatt, 2004).

Caviar, for illustration, tells clients at each step of the arrange handle, counting when the arrange is gotten, when the feast is made, and when the nourishment is picked up for conveyance, as well as the title of the conveyance individual, guaranteeing that the client knows their nourishment is in great (human) hands

Customers who discovered that a brand of gift wrap was "produced by people in a small facility in Nebraska" appreciated the product more than those who learned that the gift wrap was "manufactured by a small factory in Nebraska" (without the word "people"). Effort is more costly and valued. Many people believe that humans equal effort, and that effort equals value (M Inzlicht, 2018).

HUMANS=EFFORT=VALUE

“Authenticity”

Why do buyers pay more for sell off things that have had individual touch with their proprietors, and why does having more noteworthy physical contact demonstrate expanded eagerness to purchase such products? These propensities, concurring to analysts George Newman and Paul Blossom, stem from people's enchanted conviction in "positive contagion"— the thought that by touching an question, the proprietor may inject it with an bona fide soul. “Authenticity, like effort and intentionality”, adds value, and research demonstrates that the perceived authenticity imparted by the artist's touch is one of the reasons why people prefer original works of art to exact replicas (Newman & Bloom, 2011).

Whether it's Harley-Davidson trademarking the sound of its V-Twin motor, Krispy Kreme donuts bragging that their equation hasn't changed since 1937, or premium brands like Rolex only issuing a certificate of genuineness, companies know the centrality of genuineness.

However, it turns out that emphasising human engagement in the product is a straightforward method to build authenticity. Restaurants that received more evaluations containing phrases related to authenticity also obtained higher ratings, a pattern that was heightened for family-owned eateries (Kovacs, 2013) In a follow-up experiment, found that when participants read about a restaurant being family-owned rather than chain-owned, they rated it as more authentic. The simple specify of people (in this case, a family) expanded realness and so included value (Kovacs, 2013).

Companies can pick up by making the human touch more self-evident within the fabricating of their products and administrations, given the significance that individuals recognize with human interaction. A human touch shows that businesses are working with consider reason, working harder, and acting honestly, all of which give buyers meaning. Consumers care about human interactions even in an increasingly human-less age, where autonomous automobiles and worker-less warehouses are already a reality. Consumer self-efficacy is a term that refers to a person's self-sufficiency can be characterized as whole self-reliance in terms of generation and assurance, because it was in pioneer days.

Self-sufficiency, in terms of cutting edge living, is superior characterized as a diminished dependence on the commercial centre, went with by supplemental self-production of chosen nourishment staples and clothing, as well as conceivably family things or fuel .A victory garden, for example, may provide some of a customer's fruits and vegetables. Inflation and, to a lesser extent, resource constraint may force a reduction in market reliance.

Consumer self-sufficiency, on the other hand, may fit into the framework of moderately rich people downsizing their lifestyles. A reduction in market dependence may be shown by voluntary or involuntary life simplification. Self-sufficiency does not always indicate a reduction in consumption, but rather a change in the products bought or the sources of supply. Self-production of fruits and vegetables, for example, needs the purchase of materials (such as fertiliser, seed, and so on) that would otherwise be purchased.

The rise of DIY culture (Do It Yourself)

DIY culture is on the increase (Do It Yourself) The do-it-yourself craze is as popular as ever, and smart firms are cashing in on it by offering DIY and self-serve products and services. It's not just home renovation companies that are jumping on the DIY bandwagon. While it may appear that this is a strategy that only applies to certain sectors, products, or services, any company can appeal to these committed and motivated customers. Traditional B2C firms aren't the only ones taking advantage of DIY's success in marketing. B2B companies can benefit from the trend by providing virtual experiences to their customers.

Offering block diagrams with replaceable components or a virtual reality lab area, for example, can be incredibly helpful in engaging the engineering community in the tech space. DIY projects are frequently motivated by photographs or videos that appear to be "simple enough" to complete, so demonstrate that easiness in your marketing. Demonstrate inventive solutions and workarounds. Create step-by-step instructions in written, video, and info graphic form. Inviting customers to share their experiences on social media or in forums is a great way to start. Share success stories or case studies from those who have succeeded in their endeavours. Create easy-to-use services, deliver a fantastic customer experience, and offer round-the-clock support that actually solves customers' issues. Consider the costs and benefits of converting to a self-managed model for the sections of your company that are currently handled by workers.

If you run a coffee shop, consider investing in a self-serve coffee machine where customers can order from their phones and "DIY" their lattes and other drinks. It has the potential to increase revenue by leveraging a developing trend. If we look around, we can see that start-ups are highly popular in India. The entrepreneurial mind-set is becoming increasingly popular among today's youth. DIY is also popular on practically every social media network. People are considering combining USO entrepreneurship with the DIY culture.

- Being your own boss implies having the freedom to express yourself: You must be your own boss and make your own decisions in order to grow your start-up. You are in charge of your own development and decline.
- Be receptive to fresh and inventive ideas: A good listener learns well. Take everything and anything you can from the people around you and use it to generate new ideas.
- Define their true identity: Trying something new and deciding on your own path offers you a true sense of self. It encourages you to think outside the box.

Keeps you connected to the audience: When starting a business, you're faced with the question of whether you'll succeed or not. DIY, on the other hand, is one of those company ideas that has the best chance of succeeding since it uses video content to appeal to a wide range of people.

Customers are willing to try out new product lines, brands, and suppliers just because they are available. While this economic transition occurred in a short amount of time, the consequences of these new behaviours will persist for a long time. DIY is a means to differentiate your goods in an age where mass production has become the norm. Sewing kits, for example, have been available for a long time to assist in the creation of personalised products for the younger generation who want to blend in while yet standing out.

The DIY trend in India is being driven by the uniqueness of the product as well as the participation that comes with building your own products. DIY, on the other hand, has the biggest takers among food and retail clients, who order these kits to either avoid packaged foods or receive personalised clothing. To provide their customers with such unique experiences, start-ups are hard at work identifying retailers, sourcing suitable ingredients or raw materials, and teaching their employees how to prepare a custom-made service. Nothing is required of the consumer other than to enjoy the preparation procedure by following easy instruction guidelines.

Bangalore based startup, Mekuchi is an open web initiative with a vision to make a billion makers- "that is aimed at being the destination for makers, crafters, innovators and tinkerers to discover, learn and engage with each other"(Mekuchi,2013).Every day, Ubyld, a Bengaluru-based firm with a half-year history, sends close to 100 DIY furniture kits. According to cofounder Shobha Nair, up to 90% of the company's customers are women "who take delight in designing their own shelves, consoles, wine racks, coffee tables, and chairs"(Shobha Nair,2016).

The DIY trend is being driven by the uniqueness of the product as well as the involvement that comes with making your own products. People are defying the establishment in a variety of fields, including music, movies, theatre, and art.

Advantages of Doing It Yourself

1. It's quicker

There's no need to hire research firms, pay for their services, and then wait months for results. All tools are at your fingertips using internet research platforms. To master them and conduct your own study, all you need is patience and time. Furthermore, because you will be solely responsible for the outcomes, you will have complete control over the research's quality and timeliness.

2. It's simple

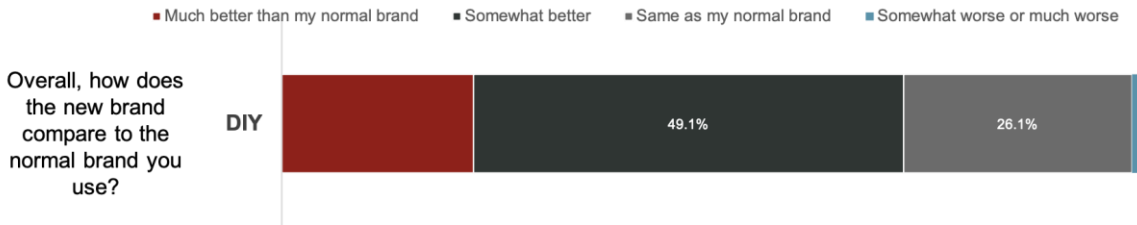
Ready-made templates, automatic reporting, and pre-selected panels of responders are all available through platforms like Cool Tool. Furthermore, we are constantly working on improving the platform's interface to make it more simple and user-friendly, as well as developing new technologies and solutions.

3. It is less expensive

On the one hand, the company's progress is hampered by budget constraints. On the other hand, it encourages teams to come up with more inventive ideas. At a modest cost, DIY market research allows for plenty of room for creativity. So, go ahead and conduct your own research; the quality of your findings may astound you.

4. It gives you additional options.

You already know more about your organisation, its requirements, and its priorities than any outside research firm. You can test any technique and play with all accessible tools and gadgets by engaging in DIY research - use biometric technologies (such as eye tracking, EEG, emotion assessment), implicit testing, and so on. Even a tiny firm can grow capacity and competence while also identifying new avenues of development by learning how to use the DIY research platform to gather in-depth and relevant information from customers.



Source: Venveo, The Farnsworth Group. 2020 Building Product Customer Guide.

Disadvantages of DIY

DIY research disadvantages are dependent on a variety of circumstances and, in most cases, are unique to each organisation. With that in mind, the following are the most typical issues:

1. A lack of understanding and experience

Companies that do research have years of expertise and are familiar with all of the potential stumbling blocks that can arise during the research process. They have skills and competence, therefore they already know how to accomplish the majority of what you're going to learn.

2. The results' timeliness and relevance

Because you lack the essential experience, you may have to spend more time conducting research at first, and the results you collect may become irrelevant or no longer suit the project's original aim.

3. Insufficient tools and resources

Lack of time and other resources can sometimes impact the quality of DIY research. A company that engages in DIY market research will always spend more time and effort in the beginning phases, as well as make more blunders.

When marketers try to persuade you to buy something, they use the notion of preference fit. You like pink, I like orange, and I prefer this one a little more, and everyone knows what they like. That is critical. However, I believe that the investment in the product, not the desire fit, is the most significant issue. Assume you enjoy the colours orange and pink. Imagine finding orange and pink shoes in one universe and having to put in five minutes of effort, attention, and care in the other to find the perfect colours.

What we demonstrate is that once you've invested in it, you'll value it more and think about it more.

You'll talk about them more, you'll be more inclined to buy them from the same vendor again, and your bond will be stronger. To make something your own, you only need to invest a small amount of money It's astonishing how little that is at times. The IKEA effect that we have documented is a retrospective rather than a prospective phenomenon: After successfully constructing IKEA boxes or Lego sets, participants placed a higher value on the end product of their labour.

The challenge for marketers becomes more difficult if participants are uninformed of the impact of their effort on their later happiness with their items. The issue for marketers is persuading consumers to engage in the types of work that will lead to them placing a higher value on items, especially given the general antipathy to such activities.

Traditional methods of incentivizing consumers to bear production expenses, such as speed of service, are plainly in use.

“Jewellers going back to traditional handcrafted ornaments to fetch premiums”

A few decades ago, machines took over the role of human hands in the production of gold jewellery. Back then, there was a pressing need to lower costs while also catering to the growing popularity of machine-made necklaces, earrings, and bangles.

Machine-made and handcrafted designs were combined. However, after revolutionising the jewellery business with machine-made designs, jewellers are returning to their roots of traditional handcrafted gold and diamond ornament manufacturing in order to satisfy premium clientele.

Machine-made decorations become outmoded within a short period of time, as the Indian consumer's perspective changes. Because of their emotional attachments, buyers stay onto handcrafted decorations for a long time. One of the biggest disadvantages of machine-made jewellery is the lack of options and flexibility with faults and omissions.

CHAPTER 2

“Feel Good” Factor

Every piece of handmade loveliness you own is guaranteed to include the toils and creative epiphanies of a human hand and intellect. Pay attention to the story each object has to tell. The main reason people favour handcrafted products is that each one is unique in its own way, and handcrafted products are limited in quantity. Client’s degree the seen esteem of a item or benefit against the inquiring cost when assessing it.

Marketers have customarily went through a part of time and exertion overseeing the cost side of the condition, since boosting costs can raise incomes immediately. But that's as it were the starting: Estimating regularly involves controlling a little set of measurements, and estimating analytics and strategies have progressed significantly. However, deciding what shoppers truly esteem can be challenging and mentally complex. How can authority groups effectively oversee or design ways to convey extra esteem, whether useful (sparing time, bringing down costs) or passionate (decreasing stress, giving entertainment)?

Discrete choice examination and comparative investigate procedures are capable and valuable instruments for recreating request for distinctive combinations of item highlights, estimating, and other components, but they are planned to test shopper responses to biased ideas of value—the concepts that directors are usual to judging. Coming up with unused thoughts requires considering almost what else people might discover useful. Of course, the sum and nature of esteem in a product or benefit are continuously within the eye of the spectator.

Be that as it may, all inclusive esteem building squares do exist, permitting businesses to progress their execution in existing markets or enter modern ones. A careful demonstrate of client esteem empowers a trade to come up with modern esteem combinations for its items and services.

Our research about illustrates that the suitable combinations result in higher client devotion, more prominent buyer eagerness to test a modern brand, and long-term income growth. We've found 30 "esteem elements"—fundamental characteristics in their most essential and particular forms.

“Functional, enthusiastic, life-changing, and social impact” are the four categories in which these components drop. A few components are more inward-looking, centring on the requirements of person customers. “Fitbit's exercise-tracking gadgets”, for example, are built around the life-changing fixing inspiration. Others are more apparently situated, helping shoppers in connection with or exploring the exterior world. “The Container Store and Intuit's TurboTax” both utilize the utilitarian component composes to assist clients bargain with the complexities of their lives.

Maslow, who was then a professor at Brooklyn College, believed that human behaviour stems from an underlying need to meet wants ranging from the most basic “(security, warmth, food, rest) to the most complicated (self-esteem, altruism).” Maslow's progression is well-known among today's marketers. By centring on individuals as buyers and characterizing their conduct because it relates to items and administrations, the perspectives of esteem approach broadens his findings.

It may well be teacher to compare Maslow's considering to our model. His progression is organized in a pyramid, agreeing to marketers (in spite of the fact that it was afterward translators, not Maslow himself, who communicated his hypothesis that way). Physiological and security requests are at the foot of the pyramid while “self-actualization and self-transcendence are at the summit. “The common belief has been that people can't meet their requirements at the top until they've addressed their needs at the bottom.

Maslow, on the other hand, used a more sophisticated approach, noting that there might be multiple patterns of fulfilment. Rock climbers, for example, seek self-actualization by neglecting basic safety precautions and ascending thousands of feet unroped.

The components of esteem pyramid, moreover, could be a heuristic model—practical instead of hypothetically perfect—in which the foremost powerful sorts of esteem dwell at the top. A organization must give at slightest a few of the useful components required by a certain item category in arrange to execute on those higher-order features. However, today's fruitful items and administrations have numerous distinctive combinations of elements. The larger part of these components have been existing for centuries, on the off chance that no longer, in spite of the fact that their shapes have advanced over time. At first, interfaces were given by flag-bearers carrying messages on foot. “The Pony Express, telegraph, pneumatic post, telephone, internet, e-mail, Instagram, Twitter, and other social media platforms all followed” (Eric, Senior & Bloch, 2016).

“Hallmark” has generously provided this reward to its customer community members. They've never had to pay a dime to take part. Furthermore, members in Hallmark's communities sign absent the rights to any and all thoughts that emerge from their intuitive. So, why are they so enthusiastic to work with Trademark?

"Because when I walk into a Hallmark store, I feel very happy and proud; I feel like I'm a part of it; I feel like I've helped create some of their valuable things, and that makes me extremely happy, and it makes me feel very worthwhile," says one customer (Gaurav Bhalla,2016). The remunerate is cleverly straightforward: everybody who collaborates feels like they are making a distinction; they are helping within the lightening of enduring and bringing a bit more delight and joy into people's lives, both sufferers and caregivers. Companies like “Top Coder,” which allows people co-create software applications, and Electrolux, which has an annual “Electrolux Design Lab contest,” both award prize money to their winners.

Even corporations like “Hallmark”, which fundamentally rewards representatives mentally, donate financial motivating forces within the frame of coupons and sweepstakes prizes. Frito-Lay, which utilized cooperation to oust Anheuser-Busch as the Lord of Super Bowl promoting, basically depends on prize cash to empower the inventive juices of its customers Trademark,

To help foster innovation, 58 percent of businesses are now experimenting with co-creation projects. This participation can be THE strategy to discover modern advertise prospects, thrust item branding in modern ranges, or create a nearness in an completely modern market.

Inviting partners (frequently shoppers or workers) to lock in in a plan or problem-solving prepare in arrange to realize a commonly esteemed result is alluded to as co-creation. New item concepts, conveyance chain arrangements, and indeed specialized arrangements to difficult generation challenges are cases of these results.

Co-creation moreover incorporates a part of light-hearted intelligent, such as performers inquiring fans for collection title recommendations on Twitter or football clubs looking for comments on their rebranding initiatives. Brilliantly item bundling, oil oxidation advances, solidifying and cooling frameworks, and other subjects are among them. If a proposal is acknowledged, the submitter may be allowed a commercial contract as well as proficient acknowledgment for their work.

The Unilever platform has gotten a lot of attention throughout the world, with the business receiving over 1,000 suggestions in the first half of 2012. This strategy has also aided in the development of a more open culture at Unilever, with external collaboration now accounting for more than 60% of the company's research programmes. Unilever's approach to co-creation represents the esteem of open development and illustrates how crowdsourcing can be utilized to address challenges, indeed those that are troublesome and require specialized information and skill.

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“LEGO is the company that most exemplifies the power of consumer co-creation.”

“LEGO” has always been known for its inventiveness. The creator can offer last clearance for the extreme item, be recognized on all bundling and showcasing, and possibly gain a share of item deals in trade for conveying a winning thought. “The LEGO” Ideas programme has also gotten a lot of press and helped to boost customer loyalty. LEGO's embrace of consumer co-creation demonstrates how this type of collaboration may aid in the establishment of new fan communities all around the world. “BMW launched its first-ever open innovation competition, 'Tomorrow's Urban Mobility Services,' in 2010. The contest, which was launched within BMW's Co-Creation Lab, allowed fans and customers to share their product ideas and comments with BMW.”

This challenge permitted clients to take an interest within the plan prepare from starting to conclusion, giving a solid motivating force for die-hard fans to offer their ideas. Following this inaugural contest, “BMW” has proceeded to sort out more advancement challenges, which has helped in producing fan and industry intrigued in swarm sourced arrangements for things like insides conveniences of its compact course vehicles.

As this illustration appears, indeed extravagance brands with gigantic levels of title acknowledgment can grasp co-creation, welcoming customer-driven arrangements to complex issues. A targeted approach also saves the organisation time when it comes to sorting through client submissions. Take a look at Unilever's strategy, for example. By asking exact answers to innovative issues, the association increments the probability of getting practical proposition from those who have the capacities and ability to know what will work. Companies ought to have a clear understanding of who their perfect members are sometime recently starting a co-creation try, and they ought to spend time considering almost the issue on their own

Trust and transparency are required for effective co-creation.

Customers today are more knowledgeable than ever before. This raises the stakes for businesses setting out on co-creation ventures, as tech-savvy clients will see any endeavour to control or abuse the client engagement process. When a firm sets out on a client co-creation exertion, it ought to do so in a straightforward way that builds up and keeps up shopper trust. BMW's technique is a fabulous case. The association is straightforward approximately its advancement prepare from starting to conclusion, laying out in detail the commercial substances of having an item plan thought chosen, which makes a difference to construct believe among participants.

There are various illustrations of co-creation helping businesses in creating modern item lines. Typically not as it were more helpful for clients, but it moreover spares a critical sum of money. When collaborating with clients, companies ought to keep their eyes and ears open, and they ought to continuously consider the broader conceivable employments exterior specific item lines.

CHAPTER 3.

Personalisation

Brands let customers create own products

Retailers are chanting the do-it-yourself (DIY) mantra in order to differentiate themselves from competitors and better engage with customers. Customers can now design their own clothing and choose their own colours. “During the holiday season, garment shop Allen Solly launched a programme that allows walk-in consumers to design their own attire and have it mailed to their homes in a fortnight” (Shushma ,2013).

Swarovski Elements, a crystal products company, has partnered with sarees sellers to adopt the DIY approach as well. “By partnering with saree retailers, you can go the DIY route. Customers will be able to meet with designers in stores and design their own crystal-encrusted sarees, according to a partnership between the company and Swarovski” (Shushma ,2013).

“Retailers already sell crystal-embellished sarees and these (DIY products) would provide further differentiation with coloured crystals or 3D crystals, and will be customized for the user, Raymond, a clothing company, has joined the bandwagon by offering personalised suit tailoring in some of its stores. The concept of choose-your-own doesn't just apply to clothing stores. Following the lead of telecom carriers such as BSNL and Idea Cellular, Airtel has launched the 'myPlan' plan, which allows you to choose your telecom rental pack from a bouquet of five based on your consumption.” (Shushma ,2013).

WINNING LOYALTY	
<p>> While Allen Solly lets customers choose colour and deliver finished products at their doorstep, Raymond offers customized tailoring at some of its stores</p> 	<p>> Swarovski has tied up with retailers to offer customized sarees with different types of crystals</p> <p>> Airtel lets subscribers choose from a bouquet of rental plans according to usage</p> <p>> Customized products help companies improve customer loyalty</p>

Image Source: Times Of India; e-paper

Some emotional and life-changing components favour Omni channel commerce. For example, they are twice as likely to score high on badge value, attractiveness, and affiliation and belonging as online-only retailers. Consumers who receive assistance from store personnel give those retailers far higher ratings; indeed, emotional factors have definitely helped some store-based retailers stay in business.

Consumers who want to build their own products can now use configurators, option menus, design kits, and toolkits from a variety of companies. Mass customization is the term for the relationship between manufacturers and clients. Nike and Adidas, for example, offer Mass Customisation toolkits that permit clients to construct their claim products online.

Wildemasche, one of Germany's biggest knit-supply firms, offers online MC toolkits with colour, estimate, module, and shape choices for self-designing scarves, covers, and other things.

Longchamp, an extravagance brand established in France, permits clients to select their top pick colours and construct their claim handbags online. The utilization of Mass customisation toolkits is established on the idea that a self-design handle produces higher esteem for clients, which may lead to a monetary benefit.

The "I designed it myself" impact illustrates that the self-design handle motivates sentiments of victory and proprietorship, coming about within the product's subjective esteem being increased. As a result, we examine whether giving clients with a more extensive extend of MC toolkit alternatives leads to higher seen esteem for self-designed things, and whether this impact is intervened by more self-expression.

Although the self-design process permits clients to precise themselves, such plans can be troublesome for individuals with a need of creativity in their stylish choices (i.e., tall classicism and moo romanticism) Shoppers with tall self-esteem have more self-confidence and inventiveness, and subsequently are more likely to relegate the worth of their possess works to them.

Furthermore, individuals with tall self-esteem are more persuaded to preserve or guard their self-esteem by expressing themselves before others. Self-esteem is described as a person's positive opinion of themselves or herself (Baumeister, 1993), and it reveals how capable, significant, and successful they believe they are. Self-esteem is defined as the relationship between one's real and ideal selves, according to goniometer theory (Leary et al., 1995); the closer a person's real and ideal selves are, the greater his or her self-esteem (Pelham and Swann, 1989).

Consumers enjoy expressing their individuality through self-designed items, but as it may this exertion does not contribute to the product's seen worth. Firms ought to donate mass customization toolkits with a wide extend of plan alternatives that result in profoundly Unmistakable yields whereas limiting the seen trouble and exertion of MC employments to energize the benefits of self-expression. Furthermore, companies may incorporate a bespoke label (e.g., "created by Amy Ling in 2019") with each item to remind clients that it was self-designed.

Self-reported scales can be used by companies pursuing Mass customisation strategies to explore consumers' aesthetic preferences and self-esteem. Then, to ensure the efficiency of MC techniques, they might target persons with strong romanticism and self-esteem. Furthermore, our findings imply that having a greater self-esteem contributes to having a better product value.

As a result, a more supportive strategy for managing self-designers' self-confidence and self-esteem ought to be devised. Firms might, for case, give a web introduction to help within the self-design handle and permit clients to adjust their items in the event that they are troubled with them. Furthermore, since customers with tall classicism are less competent of and appreciate creating things freely, businesses may turn to design specialists for examples to act as a framework for their classicism-prone customers, reducing their emotions of incapability.

Managers and the IKEA Effect

Furthermore, some of the researchers' other findings may be familiar to many MBAs who have managed groups or divisions. Because these studies are linked to two closely connected leadership traps investigated in the management and organisational behaviour literature, this is the case. Sunk cost effects, as well as the "not invented here" mentality, are examples of these hazards.

Sunk cost effects, in a nutshell, might cause managers to continue committing resources to failed projects in which they have previously invested. Managers that suffer from the "not invented here" syndrome. "Refuse to use perfectly good ideas developed elsewhere in favour of their—sometimes inferior—internally-developed ideas."

The research team interprets its findings to explain why managers could continue to invest resources in unsuccessful projects and concepts. Because the IKEA effect has these executives truly believing in the "better value" of their ideas, such decision-makers may sink even more budget money into lost-cause projects, similar to the trial subjects who overvalue their boxes and origami. "Not pursuing them would be squandering money, and using a competitor's ideas would be settling for a second-best choice," the researchers argue.

This cognitive trap, fuelled by the IKEA effect, is especially relevant for the region that, after eight decades, continues to monetize invention like no other: Silicon Valley. That's because, according to research dating back to the late 1990s, managers are especially prone to overcommitting to really innovative projects.

The powerful impact of the IKEA effect on managers in these scenarios could very well defy remedies if not corrected by realistic, objective facts like market comparisons or negative contribution margins. "Customer Value" alludes to how much a client considers an item or benefit is worth in comparison to other alternatives. Worth alludes to whether the client accepts he or she gotten more benefits and administrations for the cash paid.

The Three Kinds of Customers

Customers with a High Intrinsic Value

They concentrate almost entirely on the economic aspects of value. They consider the product or service to be a commodity that can be easily replaced by competing providers.

Customers with a High Extrinsic Value

The value of a thing is determined by how it is used, not by the product itself. Customers with intrinsic value are interested in solutions and applications. The sales force has the ability to provide them with a significant amount of fresh value.

They place a high value on guidance and assistance. They want salespeople to provide them with a new perspective on their needs and solutions.

Customers are valued.

They are looking for something more than the supplier's products or recommendations. They also aim to take advantage of the supplier's key strengths to the fullest extent possible. They are willing to make significant adjustments to their own organisation and strategy in order to get the most out of their relationship with their customers. An accentuation on methods and frameworks, as well as mind-set and culture, both contribute to the creation of value.

Mind-set and culture are distant more troublesome to alter, as well as to mimic. It's much simpler to imitate items and frameworks than it is to alter people's minds and cultures. As a result, mind-set and culture are basic for long-term victory. These, at the side frameworks, result in a incredible encounter and value. During the utilize of an item or the Client Travel, esteem fluctuates.

The obtaining expectation, the shopping, the real buy or buying, the establishment or start-up, the utilize, and indeed the re-sale are all times when esteem is seen. This is sometimes referred to as the "needs waterfall." Throughout the Customer Journey, the needs of the customer alter. Client fulfilment and involvement make strides after you provide client esteem. (This is often moreover genuine in reverse.) A positive client involvement includes esteem to a buyer).

Expanding dependability, showcase share, cost, diminishing mistakes, and expanding effectiveness are all benefits of making Client Esteem (superior benefits versus cost). Benefits rise as showcase share develops and proficiency improves

How to Make Real Value

You must to begin with get a handle on the Shopper Esteem thought, counting what a client considers important, how a customer's esteem necessities advance over time, and how to get client criticism. You must get it that shoppers favour to secure an item or benefit that includes the foremost esteem to their lives over competing alternatives.

"Customer engagement refers to the length of a customer's relationship with a brand. Every interaction has the potential to improve – or weaken – it"(Sylvia C.Ng^aJillian C.Sweeney^bCarolinPlewa^c ;2020).The profundity of shopper association moves forward and gets to be more commonly beneficial the closer a commerce can interface with customers' inclinations, from making a buy to composing a survey to joining a devotion program.

Although customer happiness and customer engagement may appear to be two sides of the same coin, the overlap between the two should not be overlooked. It's possible that a satisfied customer will never become involved. They may be a regular customer at your hardware store, but they never participate in a loyalty programme, follow the company on social media, or file a complaint.

Similarly, an engaged client may make few purchases from a high-end department store but spend hours conversing on a brand-owned forum or responding to the company's aspirational Instagram postings. As a result, consumer engagement differs from customer satisfaction. Customer pleasure, on the other hand, can be both an outcome and a prelude to customer involvement.

Co-creation is “the joint value creation by the customer and the company; driving the customer to co-construct the product/service experience to suit the context.” – “Prahalad and Ramaswamy. It helps within the engagement of your gathering of people, the fortifying of connections, the creation of mindfulness, and the fortifying of brand dependability.

It can be utilized in any trade field, counting promoting, plan, and communication. The objective is to collaborate with the key client to form esteem, illuminate an issue, or progress execution. With this ad, “Nestlé’s Maggi” was able to recover from its recent setback. When Maggi was outlawed in some areas, Maggi collaborated with its loyal customers to make a video series. “How they miss this delicious snack”. The video series created a buzz in the market before the product returned to the shelves, and the ban had only minor consequences. Before putting the co-creation strategy into action, there are five things to think about.

Objective: The goal should be established before beginning the execution plan. What are your objectives? Is it idea generating for an existing product/service or product development for a new product?

Channels: How is the plan being implemented? Is it going to be a digital or a physical release? What mediums should you target if you're going digital?

Who will be invited to participate in this co-creation?

Collaborators: Who will be invited to participate in this co-creation? Experts, regular users, and lead-users are all types of users.

The section that will participate in the strategic partnership for co-creation should be determined ahead of time.

Tools: Co-creation is made easier with the use of tools. The tools that increase co-creation productivity. Which tools will be used to develop the concepts?

What do people get in exchange for their labour? What is the best way to thank co-creators?

What do people get in return for their time and effort? What is the best approach to express gratitude to co-creators?

Clothing Marketplace on the Internet:

The goal of this project is to improve customer interactions in your marketplace. Differentiating yourself from your competitors. The purpose is to generate new ideas to come up with innovative clothes designs (user-created designs)

Channels: It will be digital; consumers will be able to make designs directly on the marketplace website. More contributions will be received if an easy-to-use design tool is added onto the website. These tools will be used by customers to develop designs.

Contracts: Customers can vote for their favourite user-created designs, and the best of them will be picked and sold. The user will be rewarded with a percentage of the sale price for that particular design.

In the case of online marketplaces, "active user-sessions" is a key indicator that affects the company's performance. Co-creation will aid in increasing platform user engagement. Positive and negative engagement, according to the research, stimulates or hinders visitor relationships, resulting in value co-creation or destruction.

Negative interactions triggered by any circumstance or actor cause value destruction at numerous stages of the experience journey, according to the study. Customers may be interested in profit-making firms as well as non-profit organisations' offerings or activities.

Engagement can take place within the nearness or nonappearance of other clients (for case, making music on an iPod or chatting with other pregnant moms at healing centre baby-birth workshops), online or offline, and within the nearness or nonattendance of other clients (e.g. Apple darlings blogs or Sephora excellence workshops).

Customers may be included on the company's premises (e.g. custom fitted retail encounters) or in areas other than the company's premises (e.g. Dove's self-esteem workshops), in exercises orchestrated by the company, or by clients themselves. Customers are locked in straightforwardly or through third-parties, as is the case when businesses are implanted in social organizing sites. These engagement scenarios are just illustrative of the scope of interaction; they are by no means an exhaustive list of the possibilities.

Customers are now active participants in practically all aspects of marketing, including product development, marketing communication, retailing, and even customer acquisition and retention. Their activities might be naturally or outwardly driven, and they may be directed or unguided by the firm. Customers have turned into marketers; they frequently use more control and spend less cash, and their reach is in some cases greater than that of their firm-based colleagues. Firms have no choice but to be mindful of this exchange of control to the client, because it may have a significant effect on them.

Customer engagement is characterized as the enthusiastic bond that exists between a trade and its clients. Client engagement is additionally concerned with client interaction and interest. Customer-initiated engagement vs. provider-initiated engagement: Customer interaction can be initiated by the provider or by the customer.

Offerings and events, for example, could be the focal points of participation. Engagement with this form of providing stems from the offering's interactivity, which permits the client to require an dynamic part in making a special encounter or getting non-functional value. Apple's gadgets, especially the iPod, iPhone, and Apple Mac, are designed to permit clients to make and share their possess special encounters by joining different technologies.

Not as it were high-tech things, but indeed essential things such as computerized video recorders (DVRs), TiVo, and portable phones, as well as sewing needles and sewing machines, are unimaginably curiously for clients since they permit them to utilize their creative energy and fulfil their interesting demands.

Engagement practices that are centered on programs, occasions, or exercises that are not specifically related to the administrations of the businesses that start them are included in exercises started by businesses. Leading firms welcome clients to lock in in different stages of item creation, dissemination, and deals in arrange to have one-on-one intelligent with clients and to set up way better long-term associations with them. Customers have been welcomed to take an interest within the improvement of unused merchandise by companies such as Microsoft.

Whirlpool challenged housewives a decade ago to develop the perfect refrigerator for them. Tupperware and Avon, for example, arrange parties for clients at which their products are indirectly marketed through use. Direct marketing organisations are no longer the only ones who use such "experiential in-home marketing events." Even well-known brands like "NBC, Ford, Gerber, and Hershey's are employing such events to engage customers" (Karunakaran & Raveendran,2018).

Customers' hobbies that use a product, service, or organisation are examples of customer-initiated activities. Shopping and window shopping are the most common examples in this category. Several interests, such as photography, gardening, and fishing, are included in the next set of examples. All of these exercises are made and started by clients themselves, in spite of the fact that the start and support in these exercises are helped by sorted out company offerings.

Findings and recommendations

The importance of certain factors varies by “industry, culture, and demographics.” Subsistence farmers in impoverished nations, for example, may not care about nostalgia or integration, but they do care about reducing risk and making money.

Similarly, *self-actualization* has always been out of grasp for most customers, who were more concerned with surviving (indeed in the event that they found satisfaction through otherworldly or common interests). Be that as it may, anything that spared time, exertion, or cash was prized. Create a model based on what customers care about. When prioritising your customer-experience efforts, consider *end-to-end customer journeys* rather than individual touch points. You may estimate the most essential end-to-end journeys across client segments by modelling customer satisfaction around journeys rather than touch points. Begin by reconsidering the scope of current surveys. Check to see if they cover the most critical customer journeys as well as the less significant aspects of customer happiness.

The whole telecom value chain, which includes content and service suppliers and their subcontractors, operators, platform providers, retailers and resellers, and eventually users, is subjected to extra regulations as a result of these developments.

- Content and service providers must cater to the customer's overall service experience, as well as go directly to the customer with a compelling offer that meets a variety of needs at various levels of service, features, and pricing.
- Platform suppliers must deliver effective and efficient platforms that enable the customer's end-to-end experience.
- The platform cannot simply handle a subset of functions since entering the mass-service industry would be too expensive and time-consuming.
- In other words, having an exposure component or a billing component isn't enough; operators must carefully build their market perspective.
- A mass-service market pits the operator against a substantially larger number of competitors while also providing far more opportunities.
- In order to succeed and avoid becoming a bit-pipe, you must address the concerns outlined above and create the IKEA-effect.

So, what is the reason for this? There are three fundamental reasons behind this:

We have a psychological need to feel competent: Self-assembly furniture is a fool proof approach to make anyone feel competent of accomplishing a task — clear step-by-step instructions make it practically impossible to fail! We'd want to know if our efforts were fruitful: Another source of the IKEA effect is "effort justification. "This means we want to assume there was a good reason for us to exert so much effort when we do something difficult or taxing.

As a result, we tend to give the goal we're working toward more importance or weight. People have a predisposition towards themselves; we tend to be self-assured and believe in our own skills. As a result, the IKEA effect may emerge, in which our positive self-concepts pervade our creations, causing us to perceive them as superior or more valuable.

Competence plays a role that's critical "in creating consumer interest in self-created products, and in making their efforts feel rewarding. "Is the desire to feel competent such a powerful human motivation that it has such profound behavioural consequences? It appears to be, based on the professors' later research. They explain the two elements of this mechanism as follows: Assembling things satisfies a key psychological need—consumers' want to show competence to themselves and others—and that the sentiments of competence associated with self-made products lead to the products' enhanced valuation.

To put it another way, the sales of all of the aforementioned products are mostly driven by two reasons that frequently work in tandem: first, internal sentiments of competence, and second, exterior signalling of competence to others. Furthermore, in today's digital environment, indicating competence to others online takes on a whole new meaning: Much of the self-made content developed for new media channels (such as YouTube videos) is created with the intention of being shared with others; in these circumstances, the utility of one's own productions is likely to be strongly reliant on their capacity to communicate one's competence to others.

Marketers' Perspective

Overall, whether it's Hello Fresh's meal kits, Betty Crocker's chocolate cakes, or IKEA's PONG chairs, the marketing insight is clear: People desire to do purchase-related work that makes them feel knowledgeable and allows them to demonstrate their ability to others.

Competence, in various forms, is the generally unseen attribute that drives billions of dollars in annual sales. Perhaps the best way for marketers to use that competence is to discover even more methods for customers to experience and demonstrate that their competence has overcome even greater hurdles. Consumers frequently overvalue own inventions, according to this axiom. Even with products like cake mixes that are only moderately enhanced by the extra effort, adding labour drives buyers to value their creations disproportionately.

This strategy of increasing customer value and satisfaction by enlisting the help of the consumer transformed marketing. It is the primary driver of demand for a wide range of items, including cake mixes. Furthermore, this strategy is applicable not only to MBAs pursuing marketing positions, but also to any MBA in charge of a team. Indeed, once you've grasped this strategy, you'll notice it everywhere. It's now known as the IKEA effect.

Creating a clear and powerful incentive for co-creation participants is critical to acquiring the finest ideas, which is why companies like LEGO, BMW, and Unilever have had such success. Customers want to have a chance to have their opinions heard. So, don't just ask customers and fans to submit their ideas and comments; make sure there's a clear and compelling incentive for them to do so.

Customer co-creation can also help to instil trust in a brand and foster a feeling of community among its followers. The LEGO technique is a great example of this. Granted, the corporation already had a sizable fan base, but the LEGO Ideas platform has helped to grow and expand that base by providing entertaining and collaborative design challenges. Customers are more likely to regard businesses positively and feel as though they are being listened to when they can connect with them by participating in product development.

This not only helps to establish a fan base, but it also helps to increase brand loyalty. While future research should empirically evaluate the magnitude of overvaluation as a function of price, it appears that people may continue to value the products of their labour as more valuable than others do, even for very expensive commodities.

Finally, the overvaluation caused by the IKEA effect has ramifications for businesses in general, since it contributes to two major organisational pitfalls: implications of sunk costs while markets may occasionally correct these erroneous overvaluations, the IKEA effect may be impervious to intervention, implying that the "not invented here" mind-set is here to stay.

Limitations of case study

When customers have a wide range of services to choose from, the way you offer services and to whom you sell them becomes increasingly important. Not everyone will want everything, and the majority will want it in a standard configuration, whilst others will have specific needs. As a result, the demand for high-quality assistance from customer service and sales channels is increasing.

Limitations

Time and effort are not valued.

We place a lower value on time and energy, which has the most substantial influence on company. We are so focused on becoming more skilled and productive that we overlook the fact that building or assembling something takes a significant amount of time and work.

This effort or time could have been better spent if the consumer had chosen a pre-assembled product. We are completely oblivious of how much time and energy we are losing as a result of our unconscious adjustments. This is especially critical if your business is new or has a human resource shortage.

Making Poor Financial Decisions

We waste our intrinsic biases and money when we are willing to spend more on something that requires more work than a predetermined answer. No company will be able to survive in the long run if poor financial decisions are made.

Wrong valuation and prioritization

The third and last Impact is a hybrid of the previous two points. We will make poor decisions as a result of the IKEA effect, which will have a detrimental influence on our firm. If we place higher value on things due to an inbuilt bias, we will make inaccurate and informed judgements. Furthermore, we may favour brands and goods that do not serve our aim if we are afraid to shift brands and products to which we are committed.

Because people exaggerate the worth of finished products, the IKEA effect might encourage consumers to assume they are receiving a good price. However, how long did it take to construct? Consider the product as an investment of time, work, and effort rather than a monetary one. Every decision that a consumer makes must take into account both the convenience and the cost.

Customers' perceptions of their work may be influenced by the IKEA effect, making it harder for them to perceive their flaws and shortcomings. Furthermore, bias causes people to overestimate their abilities and place such a high value on their work that they may regard their work as equal to, if not more valuable than, that of experts.

To deal with such arrogance, make it a habit to seek advice and input from those who aren't directly involved in the process. The IKEA effect demonstrates how we place a higher value on items that we have constructed ourselves. This prejudice can cause us to make poor decisions for ourselves and our businesses.

Before purchasing and investing in a product, do some research? There's a good chance that things that require some assembly aren't always a poor choice. When a firm has to run, however, they don't have time or energy to put things together when customers can get them pre-assembled. As a result, even if something appears to be cost-effective at first glance, the consumer may wind up spending more money and effort on it.

Despite all of the focus and a considerable amount of research into the idea, there is widespread uncertainty regarding what customer involvement means. Customer engagement research is still limited and scattered. As a result, the topic of how businesses may intentionally steer customer participation in ways that improve their own performance remains unanswered.

According to the literature on perceptual capacity, having too many options might have a negative impact on aesthetic pleasure and well-being (Reber et al., 2004; Schwartz et al., 2002). However, because the current study operationalizes choice as a two-level variable (few vs many), it's unclear whether the many-choice condition is "too many" (Lin Ling, Fen Liu, Wei (Wilson) Lin, and Hui Shieh.).

To establish the best amount of choices, future research could include more levels of the extent of choice. Future study could focus on developing methods for briefly priming customers' aesthetic preferences and self-esteem, and then determining if the primed preferences and self-esteem behave similarly to the measured ones. Future research should look into whether the documented impact of product choice on product valuation varies depending on whether the product is purchased or sold.

Conclusion

While many stores place a priority on speedy deliveries and ready-made, uncomplicated solutions, the IKEA effect suggests that making things a little more difficult to make customers feel accomplished may be the key to success. One of the most common blunders businesses make is assuming that consumer enthusiasm and goodwill will be enough to fuel collaborative innovation efforts. Regardless of customer enthusiasm, cooperation and co-creation is a formal business process that requires contracts and incentives to be successful.

As a result, the naive idea that collaborators are motivated by altruism needs to be seriously reconsidered. Incentives are crucial and have a significant impact.

What kind of incentives are there? Given the complexity of human impulses, attempting to choose a few is always a dangerous proposition.

Three forms of incentives, however, have proven to be particularly effective in inspiring customers to provide their time, energy, and creativity. **Self-Esteem and Self-Recognition:** There are very few people who do not desire to be recognised, heard, and appreciated. They want to feel significant, not only to themselves but also to others. It is a huge benefit for them to be recognised and to feel a sense of self-worth.

Causes: Today's customers have strong beliefs, values, and convictions. Not only that, but they are willing to devote their time and resources to causes that are meaningful to them.

Money: It's all too easy to overlook money's ability to drive collaboration. That, however, is inaccurate. Money has always been and will continue to be a powerful motivator for people to participate in collaborative and co-creative activities.

Our self-efficacy, beliefs about our capacities to perform effectively, and control over our activities and lives are all important parts of our mental health. These characteristics help us deal with obstacles and recover from setbacks and disappointments.

It boosts our self-efficacy when we do things like cooking or putting together furniture. This is also why we place a high value on goods that we have assembled ourselves. In other words, if we believe we are incapable of accomplishing anything, it enhances our desire to prove our competence and inflates the worth of the items we create.

We need evidence that our efforts are worthwhile.

A cognitive dissonance known as effort justification is another factor that contributes to the IKEA effect. When someone undertakes a difficult task, the primary concept is that they want to feel there was a solid reason for putting forth all of the effort. As a result, they add more value to the goal they are pursuing. We consider ourselves to be sensible and rational individuals who would not waste their time or effort. So, why would a sensible buyer build a chair at home when they can buy one in the market?

The reason behind this is that customers make various mental adjustments and conclude that our chair is more valuable than others on the market since we are more meticulous and quality sensitive. This gives customers the impression that their efforts are being directed in the appropriate way. We value things that are connected to us. People are more confident in their own talents as Humans, believing that they are capable and dependable.

People's optimism in themselves extends to the things around them just as much as it does to their own. As a result, the IKEA effect may be at work, as people's confidence spreads to the things they manufacture, causing them to see more valuable and superior items.

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