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THE IKEA EFFECT

People often evaluate the results of their work subjectively, whether it's a homemade pie or furniture we've assembled ourselves: even if they are not perfect, we still feel a special attachment and pride towards them.

The IKEA effect is a psychological phenomenon that describes the increased value people place on objects they have partially created themselves. A major aspect of this phenomenon is cognitive bias – wherein effort and personal investment enhance the perceived value and attachment to an item [1]. The phenomenon was first described in 2011 in a study conducted by a group of researchers led by Duncan Watts. The study was published in the "Journal of Consumer Psychology". The IKEA effect refers to the tendency for people to attach greater value to items that they have helped to create or assemble themselves, even if these items are of low cost and quality. The name "IKEA effect" comes from the Swedish furniture retailer IKEA, famous for its flat-pack furniture that requires customer assembly.

The aim of this paper is to analyze the impact of the IKEA effect on consumer perception of product value and identify optimal marketing strategy aimed at business process optimization.

The IKEA effect significantly impacts marketing and consumer behavior, shaping how people perceive their own achievements and projects. Companies can leverage this phenomenon by offering customers the opportunity to personalize or participate in the creation of a product.

In 2011, researchers from Harvard Business School – Daniel Mochon, Michael Norton, and Dan Ariely – introduced the term into academic discourse through a series of experiments examining how people assess the value of their own labor [2]. In one study, participants were asked to fold paper origami figures and then determine their

worth. Afterward, they were asked how much they would be willing to pay for their own creations compared to those made by others. The experiment revealed that participants valued their own work significantly higher, often equating it to that of professionals. In another experiment, participants were involved in assembling furniture, which also confirmed the IKEA effect. The authors of the study note that more and more modern companies view customers not just as consumers, but as active participants in the process of creating the product [3].

To test the IKEA effect, the survey has been conducted among 35 respondents aged 17 to 27 years. The survey reveals that 13,5% of respondents never engage in product creation, 27% rarely do. This phenomenon may be attributed to a lack of time or interest among individuals to participate in product creation as they have busy schedules or a reluctance to invest a lot of time in such activities. Based on these results the following conclusion can be made that the effect will work better if the consumer's contribution to production does not take much time and does not require limited experience. Moreover, 86,5% of respondents like to participate in the creation of the products they will use, as most people having spent a lot of time and effort on it, give more value to the end result. The opportunity to contribute to the product, e. g., to choose the color or design, significantly affects the buying decision. When the product meets their desires, the likelihood of buying increases. In addition, the process of choosing color or design can create an emotional connection with the product. However, 48,6% respondents believe that participation in the creation of products does not increase their value enough to pay more for the product.

Nowadays the IKEA effect is widely used in marketing. This phenomenon creates a unique interaction with the consumer and promotes their marketing strategy. The survey conducted states, 86,5% of respondents enjoy participating in the creation of products. This result indicates that incorporating tools for engaging customers in the product process helps marketers personalize products to meet the needs of all stakeholders.

The IKEA effect also contributes to cost optimization. By enabling customers to assemble products independently, companies can reduce expenditures associated with production, packaging, and distribution. This reduction in operational costs allows firms to offer more competitive pricing, thereby expanding their market reach and attracting a broader customer base. Consequently, integrating customer participation in the production process does not only enhance perceived product value but also serves as a strategic advantage, reinforcing a company's market position and long-term competitiveness [4].

Thus, the IKEA effect is a powerful marketing tool that illustrates how involvement in the creation process of a product can increase its value in the eyes of consumers and help create a strong connection between the brand and its customers.

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EXPERIENCE ECONOMY IN INTERNATIONAL BUSINESS SPHERE ON THE EXAMPLE OF BELARUSIAN «HVILINA WATCH FACTORY»

Economy of any country is focused on the process of production, acquisition and consumption of goods and services. Hence, a plethora of effective methods of purchasing has been developed. According to the latest trends, the primary focus in economy is on the emotions and feelings of consumers, to be more precise, on the customer's desire to receive emotions from the purchase of a product or service. It is called experience economy. It is a concept that aims at creating memorable and engaging experiences for consumers, shifting from traditional goods and services to immersive and personalized experiences [1].

The overall aim of the research is to explore the benefits of experience economy, conduct the survey and examine the customers' reaction to experience economy methods, to discover the usage of this trend in Belarusian business sphere on the example of «Hvilina Watch Factory», and observe the effectiveness of this phenomenon in the economy as a whole.

To start with, I conducted a survey among students of Belarus State Economic University. It demonstrates that phenomenon of experience economy is not really well-known among students. However, in questions that assumes the choice between 2 options (coffee, dessert, exhibition) the recipients tend to select the product or service with experience economy used. According to the survey, the most significant factors for purchasing are the brand's reputation and reviews from other consumers. As it can be observed, in most of the cases the recipients obtain the information about the product or service from their acquaintances/friends and from social media, which, according to the opinion of the students, help share customers' impressions about the goods. Furthermore, the respondents mention the examples of the usage of experience economy: Dodo pizza, brand of the cosmetics Rhode, clothing store Befree, different cafes and restaurants.