

The High Price of the Ownership

Experiment with Origami Frog



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Experimental Design & Analysis
MSMI 602-01

Spring 2023

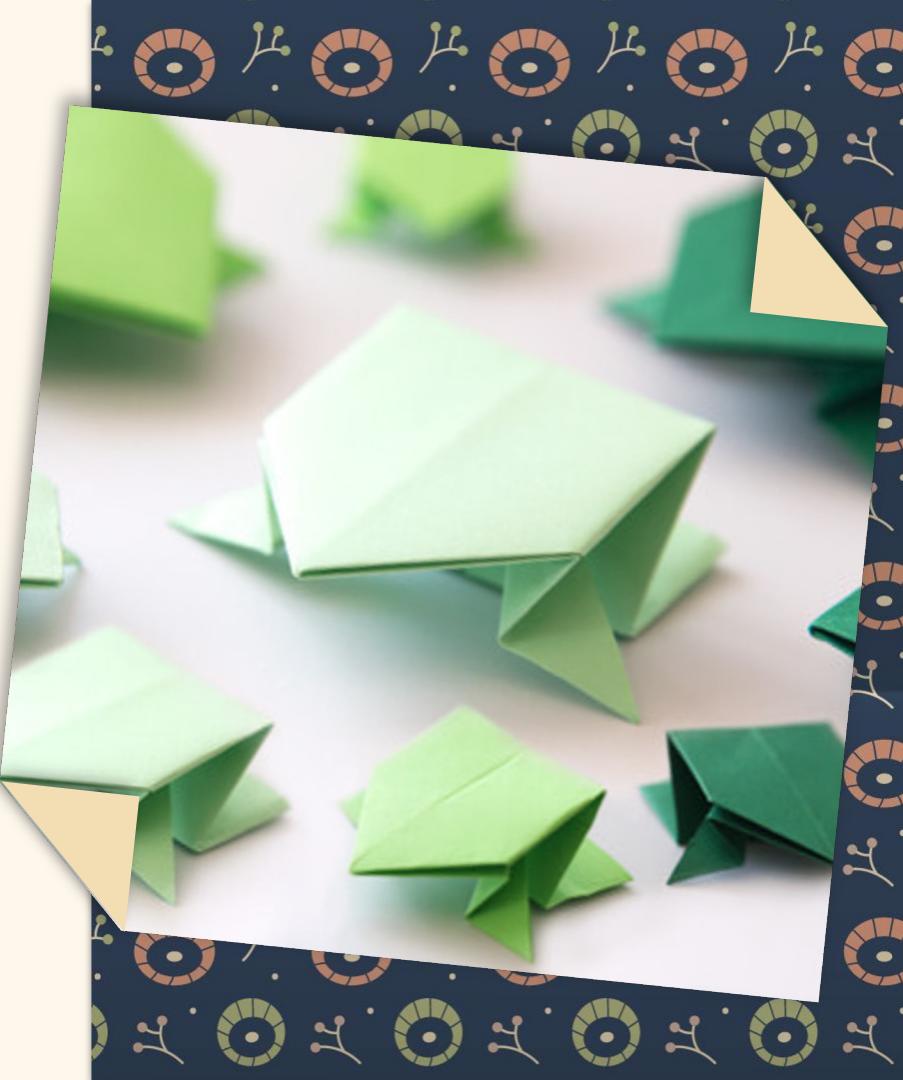




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01

Background



Dan Ariely's Experiment



ENDOWMENT effect



PEOPLE VALUE AN OBJECT THEY POSSESS MUCH MORE THAN ONE THEY DON'T





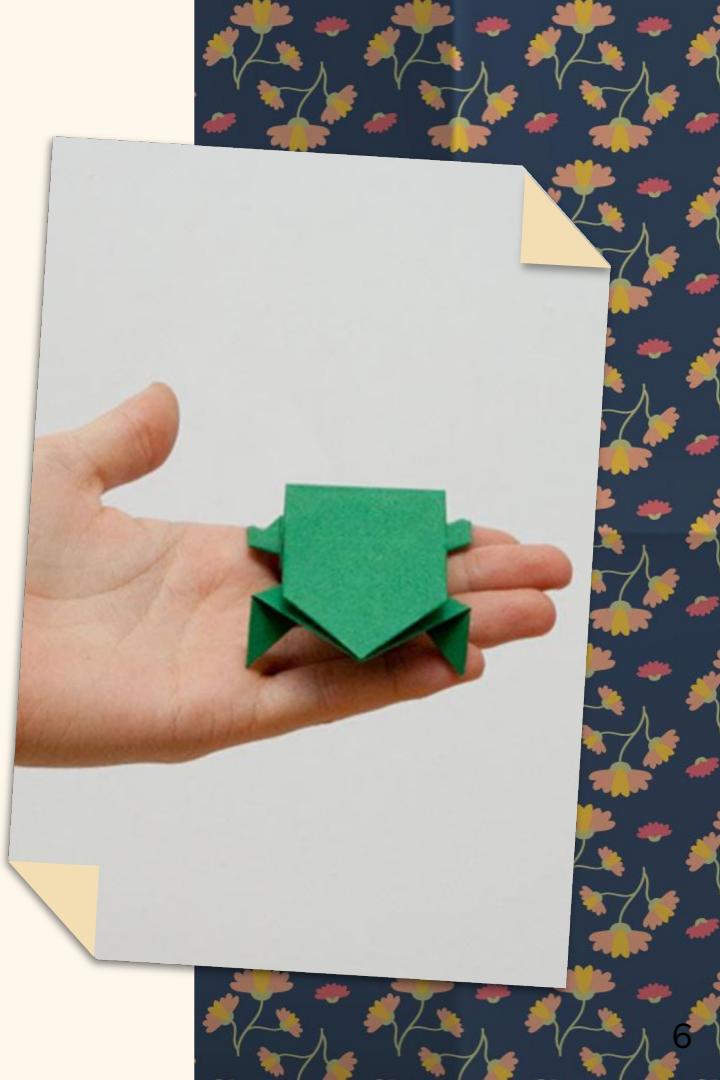
02

The Experiment



Hypothesis

Based on the High Price of Ownership (Chapter 7, Predictably Irrational) and Endowment Effect, we expect that people who made the origami frogs (those who have the ownership status) would set a higher price to sell them and people who didn't make the origami frogs would set a lower price to buy them.



The Frog Origami Experiment

01



Sample: students at USF
Management Campus

02



Showed them a simple tutorial of how
to make an origami frog

03



One part of the sample was asked to
provide a selling price for the frogs, while
the other part was asked to state the
price they would pay to purchase them.

The origami frogs



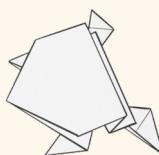
The Frog Origami Experiment

Results

“It's like a therapy.”

“Reminds me of childhood memories.”

“Sad that I can't keep it.”



\$2.85



*Treatment Group
Condition 1*



\$0.40



*Control Group
Condition 2*

“I would end up throwing it away”.

“It's just a piece of paper”

A photograph showing a close-up of a person's hands holding a complex, multi-colored origami crane. The crane is made from paper with various patterns, including floral and geometric designs in shades of blue, green, yellow, and white. The hands are carefully adjusting the crane's form. The background is dark and out of focus.

03

10 Questions

Q01

Is the study truly an experiment?

Yes, the study can be considered a true experiment because it contains the following characteristics:



*The presence of an **independent variable***



*The presence of the **dependent variable***



***Random assignment** of participants*



***Control of extraneous** variables*



***Ethically** conducted*

Q02

Three conditions that must be met to infer causality

01

If the two groups are equivalent in all other respects except for owning or not owning a ticket. There is no statistically significant difference between the groups.

02

There is a statistical association between selling and buying prices.

03

We can rule out other possible explanations for the observed association.



Q03

Variables





Hypothesis

Maker \$ > Buyer \$



Dependent Variables

Price, Value, and willingness to pay



Independent Variables

Origami folder status



Controlled Variables

Location, time period, Edu level



Test Group

Frog makers



Controlled Group

Frog Buyers



Test and Control Groups

Q04



Test Group

Manipulated
Group
Condition 1

Folded the origami frogs



Control Group

Neutral
Group
Condition 2

Did not fold the frogs

Randomly assigning participants to either the test or control group, we were able to control for individual differences between participants that could influence the results

Test Group

Average selling price: \$2.85

Average rating: 8.1



Emotional Attachment

Sad to give up the frog

"This remind me of childhood"

"It made me calm, like therapy"

"This is fun, I want to make more frogs"

"I want to make it perfect"

Condition 1-for those who made the frog



Rate from 1 to 10 Selling Price

Control Group

Average buying price: \$0.40
Average rating: 5.10



Don't see value

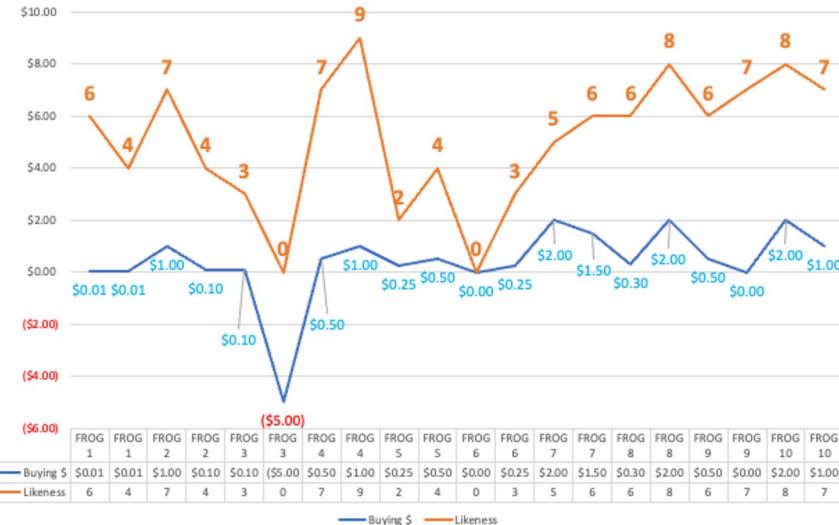
"I would pay more if someone I liked made it"

"I won't pay for paper"

"What will I do with this frog"

"I would just throw it away"

CONDITION 2 - for those who didn't make the frog



Rate from 1 to 10 Selling Price

Q05

Confounding Variables

- Individual preferences towards origami or its value
- Skill level in creating origami frogs
- Academic level and background of the participants
- The experiment's setting, including location and time of day, may impact participants' perception of the value of the origami frog

Q06

Hypothesis guessing

There was no hypothesis guessing throughout the experiment.

Condition 1

Asked participants to watch tutorial video on YouTube

Meanwhile, they folded origami real-time while the time was tracked.

Finally, how much they would like to sell it and rate their final work.

Condition 2

Asked participants how much they would pay for the origami

Participants rated from 1 to 10 on how much they liked it.

Q07

Support for a test of the proposed hypothesis and why it's important

- The experiment tested the hypothesis that ownership affects pricing of an object
- The test group set higher prices to sell the origami frogs compared to the control group
- The experiment provides insight into how ownership impacts consumer behavior and decision-making
- The findings have implications for businesses and marketers to effectively set prices and market products



Internal and External Validity

Q08

Internal

- *Randomized sample*
- *Supports the hypothesis*

External

- *Limitations*
- *Applicable in broader contexts (**Endowment Effect**)*
- *Field experiment: school, emotions, **Ikea effect**:*

THE IKEA EFFECT
WE LOVE IT MORE IF WE MADE IT



Q09

Was the experiment
successful or not?

- *Clear objective and hypothesis*
- *Well-designed methodology*
- *Sample size*
- *Data collection and analysis*
- *Applicable to a broader population*
- *Ethical considerations*

Q10

Could there have been a different or better way of setting the experiment?

- Sample selection
- Control group
- Methodology
- External validity
- Test groups



Thank you!



Dedicated to
Namway

(Michelle's pet frog)

