Why “mine” changes the price

The Endowment Effect • A quick reference for your next everyday decision

Same mug.
Different relationship.
Different valuation?

The endowment effect is the tendency for ownership to increase valuation. People may ask more to give up an item they own than they would pay to acquire it.

A buying-selling price gap alone does not establish its cause. Condition, transaction costs, personal meaning, instructions, and valuation methods can also matter.

01 **Switch perspective.**

If I did not own this, what would I pay for it today?

02 **Check the evidence.**

Compare useful features, condition, and actual sale prices. Separate asking prices from completed sales.

03 **Make room for meaning.**

Memories and personal usefulness can have real value. Other people do not have to share that value.

An ownership pause is a reflection tool, not a guaranteed cure for bias. Use the concept to ask better questions, not to dismiss someone’s attachment.

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Your ownership pause

Choose one possession or decision. Write freely. There is no prescribed answer.

The object or decision

What are you considering keeping, buying, or giving up?

Two points of view

What would you pay if you did not own it? What would you accept to give it up?

Reasons for the difference

Separate practical features, transaction costs, and personal meaning.

Evidence you could check

Which comparable sales, alternatives, or useful features would help?

Your considered decision

What matters most to you after taking both perspectives?

Try again tomorrow: explain the concept to someone without looking at page 1. Invent an example that does not involve a mug.

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Clues, checks & further reading

A quick answer key, plus the limits that make the concept more useful.

Endowment effect

Ownership changes valuation: “Now it’s mine, I want more to give it up.”

Sunk-cost effect

An unrecoverable past investment drives a current decision: “I already paid.”

Status quo bias

The current option is favored because it is already in place: “It’s the default.”

Course answer key

1 · Relationship. Ownership changed; the mug did not.

2 · Random assignment. Helps reduce pre-existing differences between groups.

3 · Sort the clues. Notebook: endowment. Course payment: sunk cost. Setting: status quo.

4 · Ask with curiosity. Explore what keeping or giving up the possession means.

5–8 · Final mission. 5: Endowment effect. 6: Consider sentimental meaning. 7: No universal multiplier. 8: Clear costs and an easy exit.

Follow the evidence

Kahneman, Knetsch & Thaler (1990)
Classic experimental mug markets.

Plott & Zeiler (2005)
No gap under modified procedures; methods and task understanding matter.

Morewedge, Shu, Gilbert & Wilson (2009)
Ownership-related valuation beyond a simple loss-aversion account.

The story and personal price exercise are hypothetical, not a diagnostic test. This concept course does not award continuing-education credit. Original story and artwork; learning format inspired by Growth.Design.

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