

Selling your motorcycle: Betty Crocker, IKEA and the psychology of perceived value

By Wes Fleming #87301



MOST OF US HAVE heard of Betty Crocker and even used their cake mixes for special occasions or even just to have a nice dessert. General

Mills, which introduced the brand in 1952, was disappointed with slow initial sales. They consulted a couple of business psychologists, Dr. Burleigh Gardner and Dr. Ernet Dichter, who told them the key to success would be eliminating powdered eggs from the mix. By making the end user—and in 1952 this was almost guaranteed to be a woman—add one or two fresh eggs into the powdered mix, the sense of value and self-accomplishment rocketed skyward. Betty Crocker cake mixes flew off of the shelves as a result of the perceived increased value of the end product, and it didn't matter if the powdered eggs tasted better than the fresh ones. What mattered was that by participating in the creation process, the end user got more satisfaction and had a higher perceived value of the final product.

In 2011, Michael Norton, Daniel Mochon and Dan Ariely of Harvard's Business School wrote a paper called "The IKEA Effect: When Labor Leads to Love;" it looked at what value

people put on their IKEA furniture. You can download and read the entire 34-page paper for yourself, but the short version is through participating in the creation process (assembling their items), IKEA furniture owners perceived a higher value for build-it-yourself bookcases than for bookcases, often of higher quality, they had no hand in putting together.

repairs and the cost of ongoing maintenance. The quick thought "Well, it's an '08 R-bike at 75K, so I'm going to need to put a drive shaft in it" spurs me to knock \$300 off the customer's asking price before I even say a word. If it has "whizzy brakes," that's another \$300 in parts I'll need to bypass the un-rebuildable servo ABS unit if/when it goes bad or \$2,795.29 (April 2018 price) to replace it.

Those tires with 5,000 miles on them? There's another \$300 I'll need soon, and I bet the brake pads need changing, too—three sets of those, easily over \$100. If the bike is between maintenance cycles, figure \$100 for oil, filters, drain plug crush washers, etc. I even take into consideration I may end up breaking the bike down for its component parts, which will often give me a higher return on investment than selling the complete motorcycle.

This is different from what a seller sees when they look at the bike they've decided needs a new owner. They see the tires they just put on last year (\$500 for premium tires and installation), the aftermarket seat costing nearly \$600 two years ago, the pannier liners that make life convenient when the riding day ends, and the aftermarket lights that establish the life-saving triangle of light. They also see every trip they ever took on the bike with their girlfriend or kid on the back seat, not to mention that one time it snowed in Colorado in July and those camping trips and rallies they went on with their best friends.

In effect, the owner of the motorcycle



A post trying to sell four vintage motorcycles on Facebook got me thinking about how adding eggs to a Betty Crocker cake mix and the IKEA effect inform the value of used motorcycles. Working at an independent, multi-line dealership back in the 1990s and now at an independent repair shop has put me in contact with all sorts of owners riding all sorts of bikes, and they often ask "What do you think it's worth?" I discovered quickly that few of them liked the answers we offer.

When I look at a customer's motorcycle, I see a collection of possible failures, future

sees the eggs they added to the mix. They recall the near-divorce-inducing argument triggered by the assembly of the build-it-yourself bookcase. They take those things and more into account when they place a monetary value on their motorcycle.

To try to gain a deeper insight into why we overvalue our motorcycles at sale time, I talked to psychologist Dr. Mark Barnes. Barnes recently published a book titled *Why We Ride*, assembled and enhanced from decades of columns he wrote for Motorcycle Consumer News. Coincidentally, Barnes is in the process of trying to figure out what to ask for three motorcycles he's thinking about selling: a dirt bike, a dual-sport bike and a street bike.

His focus is on his 2010 KTM Duke 690, a bike with quite a cult following and theoretically, a fan base eager to get their hands on his motorcycle. No matter how hard he tried, he just couldn't gel with the bike. "There's just something fundamental about it that just doesn't suit me," he said. He put a lot of time and money into the bike, accessorizing it and upgrading it incrementally to better suit his idea of what the bike should be, yet ultimately deciding it was simply not the right motorcycle for him. At the same time, he's dragged his feet for several years in actually putting an ad up and trying to find a buyer.

Curious about how our emotional attachment skews our perception of the value of our motorcycles, I asked Barnes why we form such strong attachments to machines like motorcycles. He replied in terms I associate with spousal relationships, saying, "Machines aren't things we can have a real relationship with, but ... [we] love them and invest a lot of blood, sweat and tears—and money—into them. I feel like the machine has been my companion on various adventures. We've been through hard times together, [it] provides me with a kind of joy.

"In many ways, [a motorcycle is] more reliable than a flesh-and-blood organism. I don't have to work around its schedule to spend time with it. If something goes wrong, even though it may be expensive or involve a lot of effort, it can be fixed, it can be made new. That doesn't happen in



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human relationships. Obviously, people can repair problems in their relationships, but it's not as simple and easy as ordering a new part and replacing the old one."

An important aspect of why we have difficulty selling our bikes is resistance to doing things that we know are going to cause us to grieve. Barnes said, "Life involves plenty of loss without us volunteering for [more grief], so we drag our feet, and we don't do things we know we really need to. We know it's not going to get any better to wait, and still we procrastinate or avoid those kinds of decisions." He went on to lament the fact that in the three years he's been thinking about selling his Duke, it continues to depreciate, making it even more difficult to justify selling it at an even lower price.

In order to mitigate the emotional resistance to selling your motorcycle, Barnes suggested surveying the market starting with the Kelly Blue Book and the NADA website. Craigslist, eBay and Cycle Trader all came up as resources that can tell us what a potential buyer might be seeing and a seller might be asking. "Information is your friend," he said, "even when it's not what you wanted to hear."

He continued, "When you've got thousands of dollars of mods in a bike, I don't think you can help but try to ask for something more than what stock bikes of that sort are selling for. You may have to let somebody talk you down if you're not getting a lot of people inquiring about your machine. If it's just dead air, you have to be willing to lower your price when somebody does show an interest."

When I've sold bikes in the past, I've listed many of them at a price slightly higher than the price I actually wanted to get, knowing that I'll be willing to let the prospective buyer negotiate with me down to a price that he's happy with, but is still at or above what I really wanted to get for the bike. Barnes agreed with my tactic, saying, "Buyers and sellers are both playing a game, and as long as they've met in the middle, both sides feel like they've gotten away with something."

In the long run, depending on which side of the transaction you're on, selling a

used motorcycle is either strictly business or largely emotional. As a result, buyers and sellers have different perspectives on the value of the motorcycle at the center of the transaction. The best advice I think any of us can follow is to research what bikes like ours have sold for recently, assign a reasonable value to any accessories we've attached to the bike—and be willing to remove them and sell them separately if a potential buyer isn't interested in them or doesn't value them as highly as we do—and to be willing to negotiate to make both the buyer and ourselves happy about the transaction.

Resisting the urge to overvalue our motorcycle, or rather, to be realistic and objective about what the machine itself is worth, is likely to not only speed the process, but help us emotionally deal with the grief of letting go of a motorcycle that's brought us real joy over the months and miles of our time together. It's not as simple as adding an egg to our ad or including the infuriatingly tiny Allen wrench with the build-it-yourself bookcase we've passed on to our neighbor, but it also doesn't have to be a miserable process, either.

It can be difficult, though, and I'll leave you with one last thought from Dr. Barnes: "We like to think of ourselves as rational creatures, but really emotional factors are what drive human behavior—and emotions aren't rational."

You can hear Mark Barnes' interview in its entirety by checking out Episode 23 of the author's podcast, Chasing the Horizon. It is available on the web at <http://horizon.bmw-moa.org/episode-23-mark-barnes/>.

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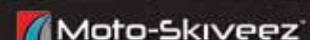
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