

# [Bandwagon and snob effect](https://assignbuster.com/bandwagon-and-snob-effect/)

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Write an essay on topic “ Bandwagon and Snob Effect”. Find an example for both effects, describe situation and explain reasons for such effects. In The Theory of Consumers’ Demand, there are three importants and different items: the Bandwagon , Snob and Veblen Effects. Today we will discuss just about the Bandwagon and Snob Effect. Faced with a new need, the consumer is confronted with a choice: to purchase or not this good or service, depending on its value, its usefulness, its attributes and operation consequences.

But consumer choice will also be affected by his socialenvironment. Specifically, scarce products are generally deemed valuable, independent of the utility that their attributes deliver. This effect has been found in several studies, and we can identify two distinct routes through which scarcity can increase product choice. A person’s demand may be affected by the number of other people who have purchased the good. If this is the case, a network externality exists and can be positive or negatives.

A positive network externality exists if the quantity of a good demanded by a consumer increases in response to an increase in purchases by other consumers. And negative network are just the opposite. \* The first way examines scarcity due to high demand. Consumers see that others have bought the product, and this may induce them to follow that behavior. Consumers may also extract information about the value of a product from the buying behavior of others. When consumers are unsure about the value of products, information on the valuation of others can help refine their own valuations.

Therefore, scarcity due to excess demand increases inferences of product popularity and quality. This is the bandwagon effect, the desire to be in style, to have a good because almost everyone else has it, or to indulge in a fad. This is the major objective of marketing and advertising campaigns ( cf toys, clothes .. ) For example, the influence of football players on the young men ( shoes, haircut, attitude ). \* If the network externality is negative, a snob effects exists. The econd route concerns scarcity due to insufficient supply, where product exclusiveness leads to generalization of product quality. Consumers value the exclusivity of possessing rare products, and may see these products as a means to emphasize their uniqueness. Being one of the few who own a particular product may increase the product utility. It refers to the desire to own exclusive or unique goods. The quantity demanded of a “ snob” good is higher the fewer the people who own it. For instance, the luxury goods as Rolex watches and long lines at the ski lift.

To finish, we can say that the bandwagon and snob effects are two opposites cases , the first refer to the extent to which the demand for a commodity is increased due to the fact that others are also consuming the same commodity. In this case, we appear to be " one of the boys. " This is some form of integration and sociability And the second effect refer to the extent to which the demand for a consumers' good is decreased owing to the fact that others are also consuming the same commodity, so this represents the desire of people to be exclusive, but it can be dangerous to the person, since it is a kind of isolation.