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Irrationality of Consumer Behaviours and Nonfunctional Demand on the Market

Introduction

Market demand for a specific good is the sum of demand of all individual consumers. Basic relationships between prices and consumer decisions concerning the purchase of goods and services are defined by Alfred Marshall's law of demand. Well known in economics, this law states that, *ceteris paribus*, demand for a specific consumer good increases with a fall in its price, while a rise in price is accompanied by a decrease in demand; and the relationship between the change in price and the change in demand is not constant. It is, to a large extent, correlated with the assumption of rational consumer behaviour on the market.

Rational behaviour can be defined as an internally consistent behaviour that enables the consumer to derive maximum satisfaction from consumption. It can be, therefore, said that the consumer acts rationally when he tries, given his disposable income, to buy such quantities of goods that provide him with the greatest satisfaction (contentment). However, rational behaviour does not mean that individuals do not make mistakes, nor that they always behave selfishly. Such behaviour does not require perfect information, either. What is more, among the physical and mental limitations of behaviour, a significant role is frequently played by the powers of habit and addiction. These psychological habits may hinder the selection process and lead to mistakes; nevertheless, they do not prevent people from acting rationally. What we name rational conduct applies solely to the individual, and not to external observers or social criticism. Thus, owing to the differences in the valuation and assessment processes, what seems rational to one person does not have to be considered rational by somebody else (Zalega, 2015a: 215).

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Behaviours of consumers who do not take decisions based on the rationale are termed irrational. Therefore, global market demand comprises both functional demand, which is associated with a typical reaction of consumers on the market, consistent with the law of demand, and nonfunctional demand, which results from consumer behaviours triggered off by the impact of the so-called "utility externalities", which develop under the influence of a subjective evaluation of market behaviour of consumers in general. It is with nonfunctional demand that irrationality of consumer behaviours is often associated with.

This paper aims to discuss, in a synthetic way, the key types of nonfunctional demand. In view of the requirements concerning its length, imposed by the journal, the first part of the text focuses exclusively on explaining the irrationality of consumer behaviours, completely ignoring the analysis of socio-psychological determinants that shape consumption needs and expenditure of households. The subsequent part of the study discusses major types of nonfunctional demand, such as: the demonstration effect, conspicuous consumption, status consumption, snob effect and bandwagon effect. The paper ends with a summary of the discussion.

Irrationality of Consumer Behaviours – Methods of Defining

The term "irrationally" means accidentally, randomly, blindly, haphazardly, self-assuredly, gropingly, associatively, subconsciously, intuitively, deductively (Dąbrówka, Geller, 1995: 677). According to J. Didier, irrational is what cannot be reduced to narrative descriptions and what is knowable only intuitively. From a psychological point of view, irrational behaviour is the one that expresses a spontaneous reaction (emotion, passion, reflex), but does not ensue from a deliberate decision taken with intervention of the will (Didier, 1995: 170).

According to A.S. Reber (2000: 418), the term "irrational" means that logic and rationality have been violated. It is assumed that irrational acts are the result of emotional factors that prevail over the ability of rational thinking. In turn, O'Shaughnessy understands irrationality as clinging tightly to the needs despite overwhelming evidence showing the harmfulness of needs or the erroneousness of beliefs (O'Shaughnessy, 1994: 109). It is believed that the choices of an irrational consumer are driven by imitation, snobbery, impulses and motives deeply rooted in subconsciousness, which the consumer more often than not fails to realise, rather than by cool-headed calculation. On the other hand, R.K. Ohme (2007) emphasises that irrationality is the effect of brain structure, something that each of us has to live with, and it should not be confused with a lack of intelligence, poor or incomplete education.

Irrational behaviour is internally inconsistent and contrary to the best interest of the consumer. Irrationality means that the consumer has needs or adopts attitudes in defiance of evidence demonstrating their harmfulness and erroneousness. Viewed as such, irrationality means that it is irrationality itself, rather than irrational be-

haviour, treated as somewhat complementary to rationality by numerous economists, that constitutes a negation of rational behaviour of consumers. It can, therefore, be said that we talk about irrational behaviour when consumers:

- lack clearly defined preferences and, consequently, are not able to sort out all combinations of consumed goods,
- have difficulty identifying their needs,
- are not able to make internally consistent choices to maximise utility drawn from consumption, which in turn means a breach of the assumption of completeness of the preferences.

Nowadays, consumers are becoming less stereotypical, exhibit proactive attitudes, are rebellious and increasingly difficult to satisfy. Emancipated and full of contradictions, a contemporary consumer knowingly takes inconsistent actions with a view to emphasising his individuality. Frequently, the choices of an irrational consumer are driven by imitation, snobbery, impulses and motives deeply rooted in subconsciousness, which the consumer most often fails to realise, rather than by cool-headed calculation. This proves merely that consumption decisions made by consumers are not always an outcome of acts of informed choice, but are often taken under the influence of reflex responses to external stimuli or specific situations. We deal with an irrational behaviour when, for example, the behaviour is contrary to the interests of the individual or does not fully comply with what is best for the individual if the person realises this fact already during the behaviour. However, it should be stressed that the existence of such behaviours introduces a certain element of imprecision to economic projections, without however undermining them.

Behavioural economists[1] have discovered numerous inconsistencies between actual behaviour of market participants and standard models of rational behaviour. They came to the conclusion that market participants are irrational because they are characterised by: insufficient ability of forecasting, unpredictable emotions and limited ability of data processing (Zalega, 2012a).

Irrational behaviour can be intentional or unintentional. J. O'Shaughnessy introduces the concept of the so-called rule-following-behaviour, whereby the rationality of consumer decisions depends on the rationality of the need as such, degree of rationality of information processed by the consumer, and also on whether the pool of products and brands considered contains the consumer's best purchase, and on whether the customer properly discerns the significant facts concerning the possibilities to choose from (O'Shaughnessy, 1994: 55). Thus, when understood as such, irrationality means clinging tightly to the needs and beliefs despite overwhelming evidence

[1] More on behavioural economics in: F. Heukelom, *Who are the Behavioral Economists and what do they say?*, Tinbergen Institute Discussion Paper 2007, no. 07-020/1; E.M. Sent, *Behavioral Economics: How Psychology Made Its (Limited) Way Back into Economics*, "History of Political Economy" 2004, vol. 36 (4); T. Zalega, *Behavioral Economics as a New Trend in Modern Economics*, "Zarządzanie Innowacyjne w Gospodarce i Biznesie", no. 2 (19), Wydawnictwo AHE, Łódź 2014, pp. 133–152.

showing the harmfulness of the needs and the erroneousness of beliefs. The boundary between rational actions and irrational ones gets "blurred", creating a grey realm of indetermination (Lindenberg, 2000: 171).

To conclude the current discussion on the essence of consumer behaviour on the market, it can be said that this behaviour is highly dynamic and is continually enriched with newly discovered patterns affecting it. These patterns allow to gain precise knowledge of not only the consumer himself, but also of the logic behind his market behaviour. According to S.M. Shugan, in less-studied choice situations, consumers might appear irrational because the extant models are unable to accurately predict their behaviour (Shugan, 2006: 1–6). The latest concepts describing the issue of consumers' market behaviours (developed, among others, by G. Robertson, J. Dubois, G.R. Foxall, J.C. Kroemer-Riel, H.H. Kassarijan) show that in their behaviour consumers do not strictly follow the principle of rationality in its narrow meaning, which does not mean that they behave randomly. Nevertheless, it should be remembered that consumer behaviour results from both innate and acquired needs, and is also based on a complex combination of conscious and unconscious processes and numerous emotional determinants (Zalega, 2012b: 44–45).

Types of Nonfunctional Demand – A Theoretical Aspect

In the literature of the subject, nonfunctional demand comprises imitation, understood as any behaviour that has a feature of duplication by some consumers of certain patterns composed of consumption attitudes and behaviours of other consumers to develop own attitudes, aspirations and consumption behaviours, and the use of these patterns may take different forms.

The concept of imitation and demonstration effects was quite comprehensively presented by James Stemble Duesenberry. In his relative income hypothesis, this American economist pointed to the phenomenon, widespread in the society, of competition between people to attain a higher standard of living, or at least to maintain the highest standard of living of the past. J.S. Duesenberry named such human behaviour the **demonstration effect**[2]. Furthermore, based on conducted research, J.S. Duesenberry drew a highly logical conclusion that households' satisfaction from

[2] J.S. Duesenberry claimed that this effect comes down primarily to the imitation, by groups with lower social status, of consumption structures deemed worthy of attaining, and in the case of strata with the highest standard of living, it results from the endeavour to attain prestige, called conspicuous consumption (or the Veblen effect). Over a longer period of time, the demonstration effect leads to the levelling of differences and spread of consumption patterns of respective social groups and classes, both on the domestic and international scale. According to J.S. Duesenberry, the consumer's inferiority feelings aroused by unfavourable comparisons between own standard of living and the consumption level of people from his social environment constitute the main mechanism contributing to the attainment of a higher standard of living, by consuming higher-quality goods.

consuming goods is inversely proportional to the volume of consumption of other households.

In the relative income hypothesis, J.S. Duesenberry stressed that the structure of households' consumption is dependent not so much on the absolute level of income as on the comparison of the household's standard of living with the standard of other households with which the household comes into contact in social and professional life and which have attained a higher level of income than the given household. J.S. Duesenberry labelled such consumer behaviour, manifested in the imitation of consumption of other individuals, particularly those with a similar or slightly higher material status, as "keeping up with the Joneses". Therefore, it can be said that J.S. Duesenberry reduced his hypothesis to the statement that "the frequency and strength of impulses to increase expenditures for one individual depend entirely on the ratio of his expenditures to the expenditures of those with whom he associates". Suppressing the impulses to expend produces dissatisfaction. In consequence, the individual's dissatisfaction with his level of consumption "is a function of the ratio of his expenditure to the expenditures of those with whom he comes into contact" (Duesenberry, 1952: 32).

Based on his observations, J.S. Duesenberry demonstrated that households with a similar social position strive at all costs to achieve a similar consumption standard. In case the household's income rises relatively against the average income in its environment, the household saves a greater part of its income instead of allocating it for consumption, thus contributing to the growth in savings in both absolute and relative relation to income. In J.S. Duesenberry's view, this means that the rise in propensity to save is the increasing function of the household's position in the table of income distribution versus other households. Although this claim does not contradict J.M. Keynes' absolute income hypothesis, its justification and conclusions do not overlap completely. This is due to the fact that, according to J.S. Duesenberry's relative income hypothesis, the savings rate may be independent of the absolute level of income. When income and material status of all households grow at the same rate, the relative position of each of them does not change. Consequently, there exist no rational reasons for the households to change the proportional allocation of their disposable income for current consumption and savings.

Taking into consideration the determinants impacting aggregate consumption over a short period, J.S. Duesenberry demonstrated that consumption is dependent on the ratio of current disposable income to the highest level of income earned during a few preceding years. Where income permanently increases, it is compared with past year's income. It can, therefore, be said that the propensity to consume depends on the relative growth in income. The higher the income growth rate, the faster are the changes in its allocation between consumption and savings. In the economic literature, the described behaviour of households is known as the **ratchet effect** (Zalega 2015b: 134).

It follows from J.S. Duesenberry's relative income hypothesis that consumption is not only an individual act but, first and foremost, a social act positioning respective individuals in the hierarchy and establishing relationships with the environment. The key assumption of this hypothesis is also an interdependence of consumption utility, that is departing from the assumption of individuality and independence of current consumption utility of past consumption utility, propounded by the rational choice theory. Moreover, the relative income hypothesis clearly shows that households' consumption changes in a much gentler manner than income does, which in turn leads to another very important conclusion that the marginal propensity to consume is higher when income is on the rise than during its decline. Then, another quite crucial conclusion can be drawn that, on the one hand, before taking decisions concerning consumption of goods, households make comparisons between current disposable income and the highest income in the general pattern of income distribution of a selected population and, on the other hand – they compare their standard of living with that of other households that outrank them. This means that the households' decisions related to consumption expenditure are impacted by both subjective and objective determinants[3].

A slightly different view on consumer behaviour in terms of consumption decision-making was put forward by Thorstein Bunde Veblen[4], an American economist of Norwegian descent, representative of post-revolutionary sociology, supporter of technological determinism and father of American heterodoxy referred to as institutionalism. In his works, Veblen criticised the subjective theory of demand, which assumes that consumption behaviour of a household is always rational and that the household is guided by the satisfaction calculus, and that its main objective is always to achieve maximum utility. T.B. Veblen argued that the consumer who makes a choice between different baskets of goods is not guided by the rational reasons, particularly the satisfaction calculus, but that his selection is based primarily on tradition and specific customs. Thus, the consumer purchases predominantly the goods he has become accustomed to. Veblen further argued that economically irrational consumer behaviour results from purchasing unnecessary, useless goods that do not bring satisfaction with their functional values, but are fashionable, expensive and distinguish their respective owners. In his theory, T.B. Veblen stressed that the issue of the household's consumption demand cannot be individualised due to the existence of certain social patterns of consumption, i.e. emulation, the strive to be on a par with one's social group in terms of living standard. Therefore, Veblen was of the opinion that

[3] J.S. Duesenberry's hypothesis was further developed by R. Nurkse, who shifted some of its theses from the sphere of social groups' contacts at the level of one region or country to the sphere of international contacts. According to R. Nurkse, in these contacts the international demonstration effect occurs.

[4] Thorstein Bunde Veblen is the founder of the so-called institutional school. He outlined the principles of households' behaviour in consumer decision-making in his book "The Theory of the Leisure Class*"* (1899).

any type of economic study should start by exploring the generally recognised rules and principles of behaviour that are legally sanctioned or are subject to customary sanctions.

T.B. Veblen repeatedly stressed that consumer behaviour is governed by adopted and established customs and habits of thought, which do not originate in human nature, but are a social phenomenon and are formed within specific social groups to which the household belongs. A similar view was shared by A. Sen, who stated that "man is a social animal and his choices are not rigidly bound to his own preferences only (…). An act of choice for this social animal is, in a fundamental sense, always a social act. He may be only dimly aware of the immense problems of interdependence that characterize a society (…). But his behaviour is something more than a mere translation of his personal preferences" (Sen, 1973: 252–253).

In "The Theory of the Leisure Class"[5], ironically and sarcastically describing the life-style of the upper-class of the early capitalist American society at the turn of the 19th and 20th centuries, T.B Veblen (1998: 68) stressed that the purpose of consumption is not limited to material needs and comfort. "The canon of reputability is at hand and seizes upon such innovations as are, according to its standard, fit to survive. Since the consumption of these more excellent goods is an evidence of wealth, it becomes honorific; and conversely, the failure to consume in due quantity and quality becomes a mark of inferiority and demerit". Thus, it can be said that satisfaction with the goods and services consumed increases in proportion to the number of witnesses of this activity and our awareness that our acquaintances, friends, family, co-workers and neighbours know about the goods we purchase. Outer display of the possessed consumption potential is an inherent component modelling our self-perception, and the value of the goods is directly proportional to the size of the audience of our consumption.

T.B. Veblen argued that in a class society, diversified in terms of income and the attained social status, the key criterion for assessing a human being is his standard of living, whilst the individual's actions are motivated by competition, underlying invidious comparisons, which prompts us to outdo those with whom we are in the habit of classing ourselves. (Veblen, 1998: 94). T.B. Veblen quoted the example of observed consumption for show, often referred to as **conspicuous consumption**, which may be manifested in two ways: through conspicuous leisure and conspicuous expenditure for goods and services, with the latter way becoming more important as the population becomes more mobile and consumers become less close-knit and are less well informed about the leisure activities in which other people engage (Trigg, 2001: 39).

[5] In "The Theory of the Leisure Class", T.B. Veblen relied on the results of ethnographic studies of "primitive" societies in order to analyse consumption patterns of the class of industrial and commercial bourgeoisie of the north-eastern United States, i.e. American nouveau riche – a social class that defeated great landowners and slaveholders who supported the South in the 1861–1865 Civil War.

At the heart of conspicuous consumption lies the vision of a hierarchical social structure based primarily on wealth, because it is the wealth, in the author's evolutionistic understanding, that was then an approved tool for gaining status. Hence, if the "power of money" is the basis for evaluating human beings, then demonstration of this power is turning into a rational method of confirming the status. A more detailed analysis of these issues permits us to notice that T.B. Veblen distinguished two aspects of conspicuous consumption (Bagwell, Bernheim, 1996: 175):

- invidious comparison, which refers to a situation in which members of a higher class consume conspicuously to distinguish themselves from members of a lower class;
- pecuniary emulation, which occurs when consumers from a lower class consume conspicuously to be thought of as members of a higher class.

Conspicuous consumption is a form of symbolic consumption, because its objectives relate to the effect on the social environment, among others, with an intention to raise or maintain social status, and the goods are demonstrated to the public. Two basic directions of analysis of conspicuous consumption may be distinguished (Sikora, 2012:57):

- psychological direction, with explanations of this phenomenon sought in individual motivation, such as vanity and willingness to facilitate internalisation of a new, for example professional, role resulting from a recently assumed job; this direction may embrace discussions on conspicuous consumption since the times of D. Hume and A. Smith, and the contemporary theory of conspicuous consumption, developed by O.L. Braun and R.A. Wicklund, which takes into consideration psychological variables;
- socio-economic direction, which sees the reason for such behaviours in "managing" one's own social status, initiated by A. Smith and continued by T.B. Veblen, H. Leibenstein and R. Mason.

Conspicuous consumption may be exemplified by the purchase of extremely expensive goods, i.e. works of art, antiques, jewellery, new models of cars or real estate in exclusive parts of the city. Bright examples of conspicuous consumption, accessible for the better-off social class, may be all sorts of charity balls and functions, banquets and business meetings, concerts, festivals and premieres. However, in today's postmodern society, households with tighter budgets also attempt to consume conspicuously, of course slightly more unassumingly. Houses and flats, shopping centres, restaurants and such public areas as workplace, school or college may serve as a pretext and, at the same time, a manifestation of a specific consumption show. Conspicuous consumption was very aptly labelled by Philip Kotler, an American economist, who said that "people choose products that communicate their role and status in society. Thus, company presidents often drive Mercedes, wear expensive suits, and drink Chivas Regal Scotch" (Kotler, 1994: 166).

Initially a privilege and a hallmark of economic elites only[6], conspicuous consumption was swiftly promoted, in a way becoming a manifestation of acquisition of symbols previously reserved solely for the upper echelons, i.e. more affluent people, by an increasingly numerous group of people (from lower social classes). It can, therefore, be said that the display of possessed goods and services, classed as posh, is evident in all social groups of the contemporary postmodern society. This, in turn, triggers ambitions to seek new challenges and search for such goods and services that will be accessible exclusively for the representatives of the wealthiest members of the society classified as economic elites.

Conspicuous consumption may also manifest itself in the form of representatives of economic elites talking (for example, in mass media) about their private consumption. However, such behaviours are marginal, and aimed primarily at creating a specific impression, thereby forming an element of hidden consumption occurring within conspicuous consumption.

The strive to consume conspicuously is present in every society and is a universal phenomenon. In extreme cases, this trend often takes the form of **wasteful consumption**[7], reflected in the destruction of goods, rather than in their use. Consumption pushed to the level of "consummation", pure destruction, takes on a specific social function. Therefore, in the case of such institution as the potlatch, competitive destruction of precious goods strengthens the social organisation. Consumption of a wasteful and conspicuous nature was already known in primitive societies, and took the most sophisticated form in Ancient Rome. On the other hand, the Kwakiutl sacrificed their clothing, boats, decorated copper vessels; they burned them or threw them into the sea to "maintain their rank" and assert their value. According to J. Baudrillard, it was by wasteful expenditure, pointless extravagance

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6 The economic elites treated as the first generation of the so-called leisure class comprised the Vanderbilt, Rockefeller, Rothschild and Astor dynasties, which wanted at any price to transform some of their economic status into social one, using a variety of practices. This was most explicitly exemplified by The Breakers estate, which was erected at the turn of the 19th and 20th centuries for Commodore Vanderbilt in Newport, Rhode Island, for the then-astronomical sum of about $ 3 million. The huge mansion called for an entire army of administrators and servants whose professional suppleness emphasised the superiority of the owners. As stressed by J.K. Galbraith, this instance of conspicuous consumption was an element of a symbolic reproduction of the class structure.

7 Consumption of a wasteful nature was already known in primitive societies; conspicuous and wasteful consumptions took the most sophisticated form in Ancient Rome. The phenomenon consisting in distinguishing oneself through the acquisition of goods the high price of which guarantees their exclusivity and, thereby, inaccessibility for broader groups of people, occurs not only among aristocracy members, but among other social strata and groups as well; however, to different degrees and with different outer manifestations. For example, R. Benedict describes a custom followed by North American Indians whereby a tribe member who had destroyed the largest number of owned items in his possession gained the widest recognition and prestige among his tribesmen. More on the subject in: R. Benedict, *Wzory kultury [Patterns of Culture]*, PWN, Warszawa, 1966, pp. 273–282.

and sumptuous spending that all aristocratic classes asserted their preeminence down the ages (Baudrillard, 2006: 36–37).

The tendency to distinguish oneself through consumption is not typical of economic elites only, because it is present also in other social groups, and differs solely in the manner and outer manifestations. According to C. Mills, conspicuous consumption prevails especially among one element of the new upper classes – the nouveau riche of the new corporate privileges (…) the men on expense accounts, and those enjoying other corporate prerogatives (Mills 1961: 10).

Presently, conspicuous consumption is related to a public context, its essence lies in creating such a life-style that makes the individual stand out from other consumers. According to H.R. Chaudhuri and S. Majumdar, in today's consumer society, conspicuous consumption, which attaches importance to the acquisition and exhibition of products, is shifting towards experience and symbolic dimension. Consumers no longer demonstrate only their possessions but a more unique lifestyle (Chaudhuri, Majumdar, 2006: 3). However, this view cannot be fully shared because luxury goods, in spite of their greater availability, are still purchased and used by people to signal wealth, power or social status and, despite the passage of time, the motivation described by T.B. Veblen continues to be strong among certain consumer segments.

On the other hand, according to J. Baudrillard, presently this pursuit of status and social standing is based not on objects or goods as such, but on differences. This, in turn, helps us explain the paradox of "underconsumption" and "inconspicuous consumption", i.e. the **paradox of prestigious super-differentiation**, which "is no longer displayed in ostentation (Veblen's 'conspicuous consumption'), but in discretion, sobriety and self-effacement. These latter merely represent a further degree of luxury, an added element of ostentation which goes over into its opposite and, hence, a more subtle difference" (Baudrillard, 2006: 108). This differentiation may take the form of rejection of objects and consumption, and yet this still remains the very ultimate in consumption.

Although T.B. Veblen's work represents a fixed point of reference in discussions on conspicuous consumption, paradoxically, as C. Campbell notes (1995: 38–39), it has not been examined critically nor verified empirically. The reason for this may lie in the difficulty of clearly defining the term "conspicuous consumption" and translating it into a set of observable indices, which follows from the existence of at least two incompatible approaches to the theory (Tilman, 2006: 98–99):

- interpretive or subjective version that conceives of conspicuous consumption as action marked by the presence of certain intentions, purposes or motives;
- functionalist formulation in which conspicuous consumption is viewed as a form of behaviour characterised by particular effects, results or functions it serves.

In an alternative approach, the definitional criterion of conspicuous consumption can be traced not in the sphere of states of consciousness or types of motivation, but in the sphere of functions and results that the pattern of behaviour serves. However, such an analysis encounters numerous problems associated with the functionalist method (Campbell, 1995: 40–45). If, as R.K. Merton argues (2002: 138–140; Cebula, 2013: 9–10), solely such a pattern of behaviour whose function is to aggrandise or validate the social status (most usually latent function), regardless of the significance ascribed to it by the people involved (manifest function), is regarded as conspicuous consumption, then as a consequence we have to exclude those behaviours that, although marked by an intention (validation of status), do not pursue the objective, and we need to include the ones that pursue the objective although they have been motivated by other reasons.

Conspicuous consumption is closely correlated with the issue of status and prestige. As a result of this relation, it is often associated with **status consumption**, which is conceived as a process of gaining social status or prestige thanks to the purchase and consumption of products that the individual and significant others in his surroundings perceive to be of high status. In other words, status consumption emphasises more the personal nature of possession, refers to a generalised desire to gain prestige by acquiring products and brands that position owners in the social structure, while conspicuous consumption highlights the aspect of showing or using the products in public. Consequently, status consumption can be perceived as a broader phenomenon the scope of which embraces, among others, conspicuous consumption.

Taking the view that status consumption is a more general phenomenon, embracing a whole spectrum of behaviours and detailed motivations, a reference may be made to the typology proposed by F. Vigneron and L.W. Johnson (1999: 1–15). They listed five values and five corresponding motivations underlying prestigious shopping. While social factors (relating to interpersonal comparisons and references), such as Veblen effect, snob effect or imitation effect, do not raise objections, the identification of personal factors (search for pleasure/hedonism or quality/perfectionism) goes, as it seems, beyond the scope of the phenomenon of status (understood relatively as an outcome of social perceptions and evaluations). Also, doubts surround the association of snobbery with a special sensitivity to price (as an indicator of exclusivity), while it can be reasonably argued that uniqueness is *de facto* independent of "costliness" of goods and services (Sikora, 2012: 69).

It is argued in the psychosocial context that the desire for respect and recognition through appropriate consumption is an extremely strong, widespread motive of human action; neither age or culture, nor even the level of income, differentiates consumers' needs in this regard (Frank, 1999: 145). Everybody wants prestige and implements specific strategies to attain it. One of them is the so-called deceptive status signalling, which consists in using false symbols of social status.

Atypical consumer behaviours are related also to the bandwagon effect and the snob effect, cleverly described in the literature by H. Leibenstein. The

bandwagon effect consists in that the more certain goods are valued and purchased by others, the more consumers value such goods and purchase them in larger quantities. Motives underlying such behaviour may be multifarious: desire to be fashionable or stylish, getting a topic to discuss with friends, joining or being identified with a certain social group, etc.

Initially, the expression "jumping on the bandwagon" used by H. Leibenstein stood for supporting a specific candidate, movement or party when their success seems secure and entails little risk. It was probably this aspect that Leibenstein wanted to emphasise when he applied the term "bandwagon effect" to categorise a situation where demand for a given good rises because other consumers purchase it as well (Leibenstein, 1950: 184–185).

Another example of conspicuous consumption, which also fits into nonfunctional demand, is the **snob effect**. It is a phenomenon whereby some consumers value less the goods consumed by others, hence they purchase them in smaller quantities or eliminate them altogether from their purchases, because they are bought by other consumers. In the traditional approach, the snob effect is, therefore, the opposite of the bandwagon effect, because it reveals itself where demand for the good dwindles with the growth in the number of its consumers. It should be remembered, however, that the snob effect does not mean utter independence of social influences, nor lack of knowledge of standards applicable in the reference groups. A snob-oriented consumer must know these standards, including popular patterns of consumption and sets of products valued by his group, just in order to go against them, to know precisely what he should avoid. Moreover, in the case of the snob effect, the price of the good is substantially secondary, because it is its rarity that is of key importance. As E. Khalil (2014) argues, a relatively high price of certain goods is frequently interpreted as an indicator of their exclusivity and inaccessibility, because it represents an insurmountable barrier for an average consumer and, additionally, emphasises the symbolic nature of these goods.

The bandwagon effect and the snob effect analysed by H. Leibenstein may coexist and, if coupled with a typical price effect related to the negative price elasticity of demand, then any variation in the price of goods will have positive and negative effects on demand. In the case of the bandwagon effect, imitation brings about the strengthening of natural market trends as demand of certain consumers for a given good fluctuates in line with demand of the majority of buyers. A stronger growth in demand can be observed when the price falls, and a stronger decline in demand as the price goes up. Instead, in the case of the snob effect, a reduction in the price of the good will contribute to a weaker growth in consumption than would result from a change in functional demand only, because the snob effect cushions typical reactions of consumers on the market.

In the opinion of R. Schwer and R. Daneshvary (1993), all the above-listed effects are manifestations of consumption behaviours which have their source not only

in the widely understood ostentation but in emulation as well. On the other hand, G. Simmel discussed imitation of others as one of the key features of consumption. Namely, he treated consumption as a process whereby the social status of each consumer is formed and, subsequently, communicated. However, social status can be demonstrated not only through imitation, but through differentiation as well (Simmel, 1971). This applies, first and foremost, to fashion-related products. Outstanding social groups shape new trends to distinguish themselves against others. Subsequently, other consumers adopt these trends so as to emulate the chosen ones (Riquelme, Rios, Al-Sharhan, 2011).

Conclusion

The 21st century has brought changes in the forms of manifestation of one's otherness; nevertheless, the manifestation as well as social hierarchy and positions taken in the hierarchy have not lost their importance. As R. Manson (2001) argues, contemporary consumer societies at all social and economic levels of the hierarchy continue to exhibit interest in consumption aimed at distinguishing, demonstrating and improving one's status, which in turn determines the allocation of scarce resources in the economy.

Certain types of atypical consumer behaviours, such as conspicuous consumption and the Veblen effect, may result from automatic desires of people who engage in such behaviours, may be coerced by an imaginary or actual pressure of the social environment and, considering the social stratification, may relate to reference groups in the same, or respectively higher, class.

Various relations occur between the analysed atypical consumer behaviours. The Veblen effect, conspicuous consumption and the snob effect are all dominated by the tendency to distinguish, while the demonstration effect and the bandwagon effect – by the propensity to emulate. Undoubtedly, status consumption, closely related to conspicuous consumption, constitutes the broadest category.

The discussed consumer purchasing behaviours can be understood not only as specific forms of consumer behaviour, but also more broadly – as manifestations of a complex mechanism that is triggered off by numerous factors, occurs under certain conditions and, finally, brings about certain effects (Burgiel, 2014: 144). According to T. Truyts (2010), the consequences of occurrence of particular phenomena lead to substantial changes in the patterns of consumption of individual consumer groups and, thereby, to changes in directions of expending funds and rules of allocating them among respective groups of products.

Streszczenie
Irracjonalność zachowań konsumentów a popyt niefunkcjonalny na rynku

W literaturze ekonomicznej popyt niefunkcjonalny wynika z zachowań konsumentów wywołanych oddziaływaniem tzw. efektów zewnętrznych na użyteczność, kształtujących się pod wpływem subiektywnej oceny zachowania się ogółu konsumentów na rynku. Ten rodzaj popytu jest skorelowany z irracjonalnymi zachowaniami konsumentów. Celem artykułu jest omówienie najważniejszych rodzajów popytu niefunkcjonalnego. Z tego też względu w pierwszej części tekstu skoncentrowano się na wyjaśnieniu irracjonalności zachowań konsumentów, natomiast w drugiej przeanalizowano najważniejsze rodzaje popytu niefunkcjonalnego, takie jak: efekt demonstracji, konsumpcja ostentacyjna, konsumpcja statusowa, efekt snobizmu oraz efekt sceny.

Keywords: irrationality, nonfunctional demand, demonstration effect, conspicuous consumption, status consumption, snob effect, bandwagon effect

Słowa kluczowe: irracjonalność, popyt niefunkcjonalny, efekt demonstracji, konsumpcja ostentacyjna, konsumpcja statusowa, efekt snobizmu, efekt sceny

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