

VEBLENESQUE EXTERNALITY, CONSPICUOUS CONSUMPTION AND BRAND LOYALTY AS ADDICTIONS*

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Abstract

A century passed since Thorstein Veblen published his renowned book entitled, *The Theory of Leisure Class: An Economic Study of Institutions*. The theme of this paper is to revive his unique theory with respect to the theories and concepts à la Gorman-Lancaster-Sen. It is shown that the attributes/functionings theory is useful to explain both the Veblen's consumption externality and Liebenstein's snob and bandwagon effects in a more satisfactory way. Brand loyalty and conspicuous consumption are regarded as addictions. We have shown that brand loyalists' demand can be manipulated by brand makers.

Key Words: addictions, attributes à la Gorman-Lancaster, bandwagon effect, brand loyalty, conspicuous consumption, pivotal attribute, pivotal functioning, Sen's functionings, snob effect, Veblen effect

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