FASHION: WHY PEOPLE LIKE IT AND THEORISTS DO NOT

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ABSTRACT

One of the many paradoxes of fashions is that consumers' choices change rapidly and with an astonishing degree of synchronization. What is successful or socially acceptable in one period is considered the opposite in the next. This paradox has brought economists and other social scientists to conceive of fashions and fads as one of many forms of irrational behavior. Herd behavior and weakness of will, a desire to conform or, conversely, to distinguish oneself, have all been invoked to explain the rapid evolution of modes of behavior that emerge and more or less suddenly disappear. In this paper we try to show that fashions, even if fragile and transient, might nonetheless be rational. It is a rationality, however, that has to include something overlooked in most economic writing: the desire for novelty and variety. In fashions this desire takes the form of coordinated behavior that both facilitates consumption and destroys its novel content, thus paving the way for new fashions to appear.

1. INTRODUCTION

Though we are used to associate fashion with the realm of luxury goods such as haute-couture dresses and expensive jewelry, fashion cycles can be...
observed in all sorts of goods and activities. From popular literature and
music to entertainment and leisure-time activities, from art and decoration
to body shapes and features, we witness trends, genres, and styles that
change in succession, sometimes disappearing forever, more often reviving
in new guises. Fashion seems to be ubiquitous and a permanent dimension
of human behavior.\footnote{1} Given the pervasiveness of fashion, it comes as no
surprise that there is a long tradition of economic speculation about it,
although works specifically devoted to fashion represent only a small
fraction of the much larger literature on consumer behavior. Within this
literature there is a remarkable degree of agreement on what should be
considered as a fashion. Fashions are:

1. \textit{Short-lived.} There is no such a thing as a timeless fashion. Shared patterns
of consumption that are long-lived come under the headings of "traditions"
and "usages" rather than fashions. Being transient and ephemeral is the
most evident characteristic of fashions, almost to the point of defining them.

2. \textit{Cyclical.} Though short-lived, fashions tend to follow patterns that are
cyclical. Fashionable goods and activities disappear, only to be replaced
by new ones that will follow a similar pattern of success and decline. In
this process, goods that have once been fashionable are often rescued
from their past and given new life, albeit in somewhat different form.
Fashion cycles include many such revivals.

3. \textit{Synchronized.} This is fashion's most striking aspect: changes of consumer
behavior, though cyclical and short-lived, still display significant coordi-
nation. Songs become popular and ubiquitous for a period and then sud-
denly disappear, as if by common agreement. The same can be said of
hairstyles, popular restaurants, cafés and clubs, parlor games and tourist
resorts, movies and novels. In all these cases, individual consumers seem
prone to switch to a different form of consumption just when everyone else
is ready to switch as well.\footnote{2}

It is probably because of this last characteristic that economic models of
fashion are usually grounded on "social" preferences, rather than on the
individual preferences that dominate in all other models of economic
behavior.\footnote{3} When following fashion, individuals are assumed to seek status
and distinction or, conversely, to emulate and conform. Individual prefer-
ences are replaced with those of others – though where these others derive
their preferences usually remains unexplained.

We take a different tack. We present a model of fashion cycles that recovers
the idea that individuals, even when following fashions, are motivated by
their own preferences and the intrinsic rewards of their choices. At the same
time, we assume that individuals interact with each other and coordinate
either intentionally – through mutual emulation, innovation, and rivalry – or
unintentionally as a cumulative effect of their individual choices. We assume
also that choices have a history and show interdependencies between past and
present because of learning and habit formation (Becker & Murphy, 1988;
Pollak & Wales, 1992; Becker, 1996; Conlisk, 2003).

These alternative assumptions liken the study of fashion to the spontaneous
emergence of social coordination that has been a popular theme in the
institutional economics of the last two decades. However, we argue that what
distinguishes fashion from other forms of coordinated behavior such as lan-
guage, rules of etiquette, and traffic rules is that fashion is \textit{novelty-driven}. Any
new fashion starts with a rupture, a more or less strong break with the past.
And this is the reason for its appeal.

This approach presents an obvious paradox: if fashion expresses an individual
desire for novelty or innovation, why do we witness a \textit{synchronization}
of behaviors which so closely resembles conformism? The answer we suggest
is simple. Since novelty cannot be judged and appreciated without a reference
point, consumers, especially when engaged in forms of consumption that are
more social and visible, inevitably refer to each other in order to compare and
understand what is new relative to what has been enjoyed before and by others.
In this process, fashions work as points of attraction. They provide
that shortcut of experience, thanks to which what is new can be perceived
neither as too foreign and therefore unpleasant, nor as already old and bor-
ing. However, this balance is not meant to last. The more a fashion diffuses
and is repeated over time, the more its novelty erodes and loses its appealing
characteristics. That is when a new fashion appears.\footnote{4}

The paper proceeds as follows. Section 2 presents a brief review of the
economic literature on fashion and our alternative approach. Section 3 anal-
yses the motivational basis that links fashion to change. Section 4 gives
a general and formal representation of our own model of fashion cycles.
Section 5 offers some illustrations of fashion trends and cycles and shows how
the interplay of novelty and social coordination can explain both. Section 6
concludes.

\section{2. THE ECONOMIC LITERATURE ON FASHION}

Jon Elster once noticed that "one of the most persistent cleavages in the social
sciences is the opposition between two lines of thought conveniently asso-
ciated with Adam Smith and Emile Durkheim, between \textit{homo oeconomicus}
and *homo sociologicus*. Of these, the former is supposed to be guided by instrumental rationality, while the behavior of the latter is dictated by social norms*" (Elster, 1989, p. 100). The differences between *homo oeconomicus* and *homo sociologicus* are best appreciated by noticing that "social preferences", as opposed to "individual preferences", play a much larger role in sociology than in economics. While sociologists are more likely to explain individuals' behavior in terms of their desire to conform, or to distinguish themselves from other people (Jones, 1984), economic research is mostly driven by the assumption that people have well defined individual preferences and choose accordingly.

When it comes to fashion, however, this divide blurs because economists themselves tend to appeal to explanations that have a sociological flavor. Most of economic theorizing about fashion is inspired by heterodox authors such as Thorstein Veblen, who in turn is closer to a sociologist such as Georg Simmel than to standard neoclassical economics which he strongly criticized (Tilmann, 1998). In Veblen’s theory, fashion goods are just an instance of "conspicuous consumption", which is the larger set of consumption activities that people display to mark their social distinction. Veblen’s approach is interesting here because, in their endless competition for status, consumers’ personal preferences play little or no role. His consumers are ready to adopt any consumption good, as long as it can be used to signal their social position. As a consequence, individuals may never end up consuming something they actually like. In fact, the very notion of individual preferences becomes redundant when discussing fashionable (or, more generally, luxury) goods. The question is not whether a consumer prefers to wear a black or white suit. The question is: what color is "in" at the moment among the "right" people?  

This view of fashion as invidious competition has been the main inspiration for later theorizing on this topic. Leibenstein (1950), in an influential article, distinguished between a "bandwagon effect", that occurs when people try to conform and imitate the majority of their peers, and a "snob effect", that takes place when people do the opposite. This distinction tells us that the internal dynamics of fashion are driven by the desire of the few to distinguish themselves from the mass, coupled with the desire of the mass to emulate the members of this small group. In a later article in a similar vein, Dwight E. Robinson was thus able to define fashion as a "race of appearances" – an expression he takes from the Romantic writer and essayist William Hazlitt (Robinson, 1961).

Things have not changed. The relatively large number of papers on fashion published in the last decade formalizes one aspect or another of Veblen’s original approach. In these models, consumers are usually divided into a lower and an upper class, and it is assumed that people belonging to the lower class try to imitate people belonging to the upper class, while people belonging to the upper class try to distinguish themselves from people belonging to the lower. Karni and Schmeidler (1990), Cowan, Cowan, and Swann (2004), and Corneo and Jeanne (1999) present models along these lines. They show that the interaction between snob and bandwagon effects alone is sufficient to keep the population of consumers in an endless cycle of fashionable consumption.

Since differences in the relative prices of goods play no role in this approach, the "conspicuous consumption" aspect of Veblen’s theory is not modeled here. There is a strand of the literature, however, that formalizes that notion too, though without any direct reference to fashion. In these models, as in Veblen’s original analysis, individuals are assumed to buy expensive and useless goods in order to display their status, wealth, etc. (see, e.g. Frank, 1985; Congleton, 1989; Bugwell & Bernheim, 1996; Pesendorfer, 1995; Frijters, 1998).  

Compared to traditional models of consumer choice, models of fashion have made an important contribution. They have taken consumers away from their solitary choices and started to explore the modalities of their interaction. At the same time, however, they portray fashion as an endless chain of mutual reactions that are disconnected from any intrinsic utility of choice. There is no intrinsic merit in goods thought to be fashionable unless and until the upper classes and trendsetters declare them to be so.

Yet, even casual observation shows that frequently just the opposite is true. In the 1960s, young people listened to the Beatles and Rolling Stones, girls wore miniskirts, and Frisbee and skateboard were among the most popular outdoors games. However, it is hard to imagine that all these activities enjoyed widespread success without their intrinsic characteristics and the individual preferences of their adherents playing any role.

Importantly, however, in the above examples fashions began inauspiciously, in unknown pubs or clubs, with designs for young girls unrelated to the seasonal cycle of *haute-couture* and youth's seeking enjoyment in inexpensive sports. Faded blue jeans, espadrilles, sneakers, and t-shirts were all born out of novelty, convenience (in comfort and price), and protest, rather than as down-market imitations of the luxurious.  

Often, indeed, new trends in music, styles of furniture, and dresses are first discovered in the world of self-made music, in flea markets and junk shops, and in sports and outdoor activities. Only later do they become reproduced as fashionable items for those with the wherewithal. The spread of the novel in eighteenth-century Europe, to take a less familiar example, started largely
because women un fashionably abandoned their devotional books and joined a much less respectable and frowned-upon world of adventures, facilitated in this process by the rise of traveling booksellers and the availability of cheap lending libraries.

What these examples suggest is that consumers are more active and entrepreneurial than usually portrayed in models of fashion. De Vany (2004) has shown this in the case of motion pictures. A film's ultimate success is not predicted by its budget, stars, advertising campaigns, multiple theater openings or large first-weekend box office receipts. Word of mouth communication plays a much larger role. The fate of a movie at the box office is usually decided only by the fifth or sixth week, when moviegoers have started to share their preferences and reactions; then a film's success starts to be recognized. Yet what, at that point, might appear to be herding behavior, as in an informational cascade, is, in fact, informed consent and consensus.9

3. FASHION AND NOVELTY

What is it in fashion that attracts? If it is neither simply status nor, obviously, only functionality, what is it that motivates fashion?

Famous early researchers in the study of the motivational mechanisms underlying aesthetic preferences were Wundt and Fechner, in the second half of the nineteenth century (see Crozier & Chapman, 1984).10 Recent experimental research coming from the field of behavioral economics, experimental psychology, and the neurobiology of the brain, has added relevant and new understanding to the topics that interested those pioneers. Despite differences of approach and theoretical aims, these studies show a rather striking convergence of results when they spell out the motivational variables that underlie an aesthetic experience. Supported by a rather strong body of experimental evidence, they show that positive hedonic values correspond to those variables of the stimulus potential that are linked with change, contrast, and conflict (see Camerer, Lowenstein, & Prelec, 2005, p. 28). Specifically, these variables can be listed as novelty, surprise, variety, complexity, uncertainty, synergies, and mystery (see Berlyne, 1971; Berlyne & Madsen, 1973; Apter, 2001; Barkow, Cosmides and Tooby, 1992; Kaplan, 1992; Scitovsky, 1992 [1976]).

Positive hedonic responses, however, do not increase monotonically with increases in the stimulus potential. Both low and high levels of arousal are aversive. Pleasure is maximal for intermediate levels of arousal, when novelty, variety, uncertainty, and so on, are felt to be neither too high nor too low (see Bianchi, 1998, 2003). “Low” and “high” levels however are meaningless without a reference point in respect to which they are valued. Novelty and the other variables of change as well are relative concepts. Specifically, we can distinguish three main factors on which they depend: (1) the time and frequency of exposure; (2) the individual's accumulated experience and knowledge; and (3) the surrounding environment, such as other people's experiences and modes of behavior.11

Both the passage of time and the accumulation and diffusion of knowledge shift the reference point within which an activity is assessed. Repetition and acquaintance can cause adaptation and satiety, transforming what was once exciting into something boring. But the reverse can also occur, as when an already experienced activity becomes exciting again because time and knowledge have added as yet unexplored dimensions.

Depending on the reference point, then, the same variable can have a double and possibly contrary impact on the affective assessment of an experience. As a result, the same event can be either positively or negatively felt. Exposure to a new dress at the beginning of the season, when its features are new and few people have adopted it, can be very enjoyable. Exposure to the same dress at the end of the season can be off-putting.

Fashions provide stimulation for consumption by playing on all three dimensions of novelty. They both familiarize — through coordination and diffusion, through quotations or revivals of old styles and trends — and de-familiarize — through the introduction of new features, and through individual variations and differentiations.12 And at their peak, fashions provide optimal arousal levels (where novelty is neither too high or too low). These optimal levels, however, are necessarily ephemeral because, through continual repetition and diffusion, fashions end up destroying novelty.

Our model, though highly stylized, seeks to capture these characteristics and to show that fashion emerges even in the absence of conformism.

4. THE MODEL

4.1. General Description

In our model we assume that individuals’ choices are limited to just two alternatives. Think of them as alternative styles in clothes (e.g. fitted or loose, formal or informal), colors in furniture (neutral or colored), types of cooking (Italian vs. Japanese), or children's names (Ernest vs. Oscar). Utility payoffs depend on the relative novelty of each alternative, and novelty in its turn
depends on the frequency with which each alternative has been consumed in the past. We assume that repeating the same strategy over time has a negative effect on utility, because of increasing boredom. (After having worn black for a whole season, one longs for colors, and vice-versa.) The consumer thus faces a scenario in which the strategy that has been chosen, and repeated, slowly loses its novelty-content and, with it, its attractiveness. By contrast, the strategy that has not been chosen somehow "recharges" its novelty content and gains in attractiveness. (After a period of abstinence one rediscovers forgotten tastes, songs, authors, colors.)

In choosing between the two available strategies, individuals are not independent of each other, however. If they were — for example if they lived on separate islands — collective phenomena such as fashions would be utterly impossible. But people do not live on separate islands. Many forms of consumption are enjoyed together and in public spaces: at work, in the streets, at entertainments and in other leisure contexts. Moreover, social interaction is just the place for emulation and learning. To abandon the old for the new can be attractive but also source of mistakes and utility losses. Social interplay can help reduce the risk of error.

We assume, in fact, that individuals are rational in the traditional economic sense that they choose the alternative they prefer, given their past history of consumption. But they are not completely rational either, because we also assume that occasionally they make mistakes that lead them to select a strategy which is not optimal given their current preferences. These mistakes are more likely when the chosen strategy has lost part of its appeal but the new, just because it is new, is not appealing enough. It is in this situation of near-indifference, where individuals find themselves unable to choose between the two strategies, that they start, with a certain probability, to look at each other in order to learn and decide which to choose.

Our simulations show that the emergence of fashion cycles reflects two main variables: (a) the degree of interaction when preferences are not yet strong and (b) the degree to which novelty erodes through repeated consumption.

4.2. Formal Features

Time in the model is discrete. For expository convenience time is divided into days, although any other unit of measure would do. So, every day each consumer must choose between two strategies, \( S_1 \) and \( S_2 \). Each strategy's payoff depends upon the frequency with which that strategy has been chosen in the past. To model this we follow the classical research in time-interdependent choices due to Herrnstein (see Herrnstein & Prelec, 1992), although our model is also compatible with other approaches such as the one pioneered by Becker and Murphy (1988). Current payoffs are thus influenced only by the choices made in the last \( m \) rounds (or days).

Let \( m_1 \) and \( m_2 \) be the number of times the consumer has chosen strategies \( S_1 \) and \( S_2 \) respectively in the last \( m \) days and let \( x_i = m_i/m \) be the fraction of times strategy \( i = 1, 2 \) has been chosen. The payoff to each strategy is a decreasing function of the frequency with which that strategy has been played over time. That is, there are two strictly decreasing utility functions \( u(x_i) \) that represent the utility obtained from strategy \( i \), when it has been played with a frequency \( x_i \) over the last \( m \) days. It will be mathematically convenient to assume that \( u_i(\cdots) \) are the same for both strategies and have a very simple linear form, \( u_i(x_i) = 1 - x_i \).

Our hypotheses are summarized in the figure below. Each alternative yields its maximum payoff when it has never been used in the last \( m \) rounds (so that \( m_i/m = x_i = 0 \), and yields its minimum payoff (zero) when it has been played for each of the last \( m \) rounds. Again for mathematical convenience, payoffs have been normalized so that the highest is equal to 1 and the lowest is equal to zero, although nothing specific depends upon this choice.

![Diagram showing the relationship between strategy frequency and utility](image)

An individual's behavior can be modeled by means of what in the literature is known as the log linear response model, originally proposed by Blume (1995) in the context of evolutionary game theory (see also Young, 1998). At every iteration, each player chooses with probability \( (1 - \delta) \) a strategy, which maximizes his utility function. With probability \( \delta \) the consumer picks a strategy at random. This class of models differs from other models of limitedly rational behavior in that it is assumed that the probability \( \delta \) of not choosing the most preferred course of action, i.e. of making a mistake, decreases exponentially with the utility loss due to a non-optimal choice. In other words, mistakes are more likely when the utility losses are small, and become increasingly likely as losses approach zero. In terms of the figure above,
this last happens in proximity to the intersection between the two lines, that is when both strategies have been chosen approximately half of the time in the last \( m \) rounds.

To put this formally, define \( \Delta = |U_1(m_1) - U_2(m_2)| \): \( \Delta \) is the loss the consumer suffers when she plays a non-optimal strategy. We assume that \( \delta = \varepsilon^\beta \), for a fixed \( \varepsilon > 0 \). As a consequence, when \( \Delta \) is large, consumers are likely to choose their most preferred course of action. In our specification of the model, the largest difference in utility is 1, which happens when one of the two actions has always been used in the last \( m \) repetitions and the other never (in the figure above this happens when \( m_1/m_2 \) is close either to zero or one). In this case, the probability of making a choice at random is just \( \varepsilon \). On the other hand, when consumers are indifferent between the two alternatives, that is when \( x_1 = x_2 = 1/2 \) and \( \Delta = 0 \), their choices are entirely random, because \( \delta = \varepsilon^0 = 1 \).

Standard log linear response models assume that random choices are uniformly distributed among the alternatives. We depart from this approach by assuming that, when deviating from the optimal choice, agents are partly influenced by the individuals they interact with. We capture the influence of other people's behavior in the following way. When choosing a strategy at random (which happens with probability \( \delta \)) each agent has a probability \( \lambda \) of picking the same strategy another individual taken randomly from his population is using. \( \lambda \) then measures the degree of social interaction.

Two points are worth stressing. First, our way of introducing social interaction does not require any fashion leader (though it does not exclude it). Each individual has equal impact and may both follow and be followed. The traditional distinction between upper and lower classes (or followers and trendsetters) plays no role here. Second, we assume that individuals choose mostly according to their own current preferences. It is only when facing near indifference that suboptimal choices become relevant, and it is only in these cases that individuals' behavior can be influenced by the choices of other people. When preferences are clearly defined, individuals' behavior is basically driven by themselves.

4.3. Results

We run extended simulations of this model by varying the two parameters: \( m \) and \( \lambda \). \( m \) represents the number of repetitions it takes to decrease from its maximum value to zero the utility payoffs associated with a certain strategy. When \( m \) is small, the marginal impact of each choice on the satisfaction a consumer derives from each alternative is large. For example, \( m = 2 \) implies that it takes only two consecutive choices of one alternative to drive to zero the utility a consumer gets from choosing it. This is the case of goods and experiences that tire very quickly because they are too often repeated or are too simple. A larger \( m \) represents the opposite situation in which it takes a large number of consecutive choices of the same alternative to reduce its utility to zero. A varied diet, a versatile dress that mixes easily and has multiple uses, a game with hidden surprises, a research project that is rich in developments, are all examples of experiences that engage and stimulate longer when repeated.\(^{13}\)

Parameter \( \lambda \) determines the degree to which consumers interact when facing the possibility of choosing the wrong strategy. For goods in which the social element of consumption is negligible, \( \lambda \) will be small. Hammers, scissors, and common domestic appliances of any form belong to this class of goods. \( \lambda \) will tend to be large for goods that are frequently consumed in groups (such as sports and film showings), goods that are visible, so that people consume them by simply interacting with other people (e.g. dresses worn in public, music experienced at a concert), and so on. Of course, when \( \lambda = 0 \) there is no interdependence among individuals. In this case we would expect no coordination to emerge, because each individual will choose of his own accord. We expect some form of coordination to emerge for larger values of \( \lambda \).

All our simulations assume a population of 10 identical individuals facing the same value of \( m \) and \( \lambda \) and with a fixed \( \varepsilon = 0.05 \). A very low value of \( \varepsilon \) insures that most of the choices are made according to individual preferences, since the fraction of random choice will typically be low. In the presence of clearly defined preferences (that is when \( \Delta \) approaches one) only 5 choices out of 100 will be random.

The figure below represents a run for \( m = 10 \) and \( \lambda = 0.4 \). On the \( x \)-axis \( t \) represents time, on the \( y \)-axis \( n_t \) represents the number of individuals within the population who adopt strategy \( S_1 \). One can easily see that individuals' behaviors fail to coordinate on a clear pattern or fashion. While individuals continue to oscillate between the two alternatives, the oscillations do not synchronize and they do not appear at the aggregate or social level. This is hardly surprising since both \( \varepsilon \) and \( \lambda \) are relatively small. Of the few choices that are random, only 40 percent are driven by mutual imitation.
The next figure represents a situation in which all parameters are unchanged, but the probability of imitation is larger, $\lambda = 1$. Now individual's choices are coordinated in a well-defined pattern: the entire population switches regularly between the two extremes in which all individuals play the same strategy simultaneously.

The picture below represents a still larger value of $m = 20$. It shows a new pattern. After a brief period in which the fashion cycle emerges and the population gets locked into clearly defined oscillations, the pattern breaks and reemerges later. Overall, there is less coordination of individuals' choices for this value of $m$ than with smaller ones.

Finally, the two pictures below represent the same set of parameters, but with larger values of $m$. In the first picture $m$ is equal to 14, and in the second to 20.

When $m = 14$, after a short transitory state in which no clear cycles appear, the population settles into a relatively regular cycle of fashion. The thing to notice here is that each cycle lasts longer now than when $m$ was equal to 10. To see this, consider for example the second half of the simulation, from round 100 onward. When $m = 10$ at least 8 cycles can be counted. When $m = 14$, the number of cycles is reduced to six. With a larger $m$ there seems to be a smaller number of cycles, each of which has longer duration.

Two lessons can be learned from these preliminary results. First, fashion is more likely to emerge when people are prone to influence each other (i.e., when $\lambda$ is large) and it is less likely to emerge when past choices have only a small impact on current utilities, that is when $m$ is large. Furthermore, fashion cycles (when they exist) tend to last longer when $m$ is large than when $m$ is small.

To explore these two effects somewhat more systematically, let us first define when a good is fashionable. We say that a good is fashionable when more than 90 percent of the population adopts it. We have run simulations for values from 2 to 20 for $m$, and from 0.8 to 1 for $\lambda$. For each simulation we computed the first 200 rounds.
The results of the average of 100 trials of these simulations is shown below. The vertical axis (labeled “Fashion”) represents the fraction of total rounds in which one of the two goods has been fashionable. The picture shows that coefficient $\lambda$ has a fairly predictable impact on fashion: for any value of $m$, a larger value of $\lambda$ increases the number of rounds in which more than 90 percent of the population chooses simultaneously the same alternative. In other words, and other things being equal, the periods in which one of the alternatives is fashionable are more frequent the larger is the value of $\lambda$.

The impact of $m$ is more complex. For very low levels of $m$, fashion cycles will not emerge even if $\lambda$ is close to one. Fashion becomes dominant for values of $m$ around 10 but then declines somewhat. Intuitively, for extremely low values of $m$, individuals end up having always clearly defined preferences for doing the opposite of what they have done in the previous interaction. This is the situation in which every individual oscillates of his own accord, without generating fashions.

Let us now move to the second effect: the impact of $m$ on the length of fashion cycles. We define the length of a fashion cycle as the number of consecutive rounds in which one of the two strategies has been fashionable (i.e. has been adopted by more than 90 percent of the population). We have run simulations for several values of $m$ ranging from 1 to 10, assuming a constant value of $\lambda = 1$. The pictures below represent the length of the fashion cycles (top) and their number (bottom). Increasing $m$ clearly increases the length of fashion cycles and symmetrically reduces their number.

5. COMMENTS: AN EXAMPLE

Our model is quite stylized and cannot capture the full complexity of the variables in play; nonetheless it provides indications of the nature of fashion cycles.

Both individual preferences and social interaction play a role in the model. Choices attach to one or another strategy according to their relative utility and novelty content; but, crucially, social interaction helps in uncovering what is new. More precisely, fashions depend on the size of social interaction $\lambda$, and, given $\lambda$, they disappear much more rapidly when novelty erodes quickly ($m$ is low), more slowly when the appeal of novelty lasts longer ($m$ is large). Real fashion cycles appear to conform to these properties. When we look at fashion trends, whether in furniture or dress, in cars or music, it is not difficult to see that styles or genres that are more complex and allow for different combinatory solutions change much more slowly than the more impermanent and fleeting features of fashions such as decoration, colors, and accessories.
Take, for example, fashion trends in female dress. If we look at female dress styles, those involving the volumes, shapes, and proportions of a dress, we see that in the last century until the 1980s, styles changed with an almost regular cadence of 10 years, a regularity interrupted only by the two world wars. To have a visual image of these changes of silhouette, think of them in terms of selected letters of the alphabet. From 1900 until about 1908 the dominant silhouette was S-shaped, with dresses tightly fitted to the corseted body. In the next 10 years the outline became much more linear and the fit looser (an I-shape that sometimes, with a huge hat, became a T). In the twenties the I-shape was maintained and accentuated by flattening the bust and lowering the waistline to the hips, to form an H. The thirties saw dresses become tighter again, with padded shoulders dominating, so that the overall impression was that of a Y. This shape remained more or less unchanged till after the Second World War when Paris fashion creators re-launched a shape reminiscent of those from the end of the previous century, corsets squeezing the waist so as to create a body like a figure 8. This remained the dominant shape through the fifties. With the sixties, however, changes became more dramatic: geometrical shapes were dominant (A- O- and H-shapes) while the miniskirt transformed the whole look that became freer and informal. Tight I-shapes re-appeared in the seventies, padded shoulders in the eighties, but starting from these years changes in styles became less regular giving room to the co-presence of many different styles (see Tyrrell, 1986; Ewing, 2001; Glynn, 1978).

Yet, if over the period up to the sixties styles showed regular longer trends, the same cannot be said for the other elements of dressing. Colors, patterns, accessories, and hairstyles changed more rapidly and often. Every season allowed for innumerable new variations that either helped identify a new style or prefigured a future change. If we look at the predominant fashion features in the famous roaring twenties, for example, we see that within the recognizably lean I-shape, changes in look were constant. At the beginning of the decade colors were mostly plain – beige, white, navy black – leaving brighter colors for the evening. Decorations, nonetheless, abounded, with scarves, beading, fringes, and embroidery being employed, and the hair made short and boyish. In the space of a few years, however, all these features had undergone change. The skirt, that reached its shortest length in 1927, had lengthened and was fitted more tightly to the hips. Colors became brighter, especially for summer. Patterns were now geometric, reflecting the influence of deco style in furniture. Undergarments molded rather than flattened. Cloche hats were larger and tilted back at the front to reveal rather than hide the face. The hair was worn longer with curls at the nape of the neck.

Finally, even the make-up went through changes: lipsticks became darker and eyes were blackened by kohl and mascara (see Tyrrell, 1986; Laver, 1995).

What we learn from the example above is that trends in fashions have different lengths, longer waves mixing with shorter ones. Those element of fashion that are part of daily experience, that are more frequently seen and used and are easier (and cheaper) to grasp and experiment with, lower m and increase the frequency of changes in a way that does not happen in the case of styles that have longer life. This is much less true in more recent trends, however, especially for dresses. Nowadays, increased accessibility in terms of prices, information, and consumers’ skills has increased λ and lowered m, with the result that fashion cycles tend to appear and disappear quickly not only at the periphery, in the minutiae and details of fashion, but also in what were once more stable elements of fashions, styles. Today it is stylistic pluralism that dominates, where the free and constant mixing and matching of styles has allowed for greater self expression and individuality (see Laver, 1995, p. 266).16

6. CONCLUSIONS

Forms of consumption that express themselves in fashions are particularly challenging to theorists because they seem to defeat those explanations that are commonly used to analyze the emergence of habits, rules, and conventions.

If we apply to fashion a purely rational addiction model, where people fall into consumption habits because of past consumption investments, we cannot explain switches in fashions – why some habits are abandoned in favor of new ones. Nor can we explain their timing, why some habits last longer and some others last less, or the fact that such shifts are synchronized among agents.17

On the other hand, if we adopt a pure coordination model, where convergence of interests helps in selecting an equilibrium solution, we cannot explain why such convergence suddenly becomes unstable and disappears.

The models of fashion that have been produced in both the economic and sociological literature tend to solve the problem posed by the high degree of coordination shown by fashions by assuming that social preferences dominate individual preferences. People end up choosing the same goods because of their conformist preferences. Conversely, the task of explaining the ever-changing nature of fashion is simply shifted onto some prime movers: conspicuous consumers, upper classes, trendsetters, advertisers, and manufacturers.
In our model we do without both these postulates. Individuals choose according to their "true" preferences whenever these are sufficiently strong that a clear preference over the alternatives is present. Secondly, we assume a homogeneous population in which there are no social classes, trendsetters, leaders, and followers. At each point in time, any agent can be a follower (when she imitates one of her fellows) or a leader (when she is imitated). Given these hypotheses in our approach to social interaction, even if in small degree, suffices to synchronize individuals' oscillations into fashion cycles. The idea behind our model is that individual preferences and the desire for novelty drive fashion and thus make change an endogenous variable. What was an efficient choice when new, is no more so when novelty has vanished. Correspondingly, coordination and social interaction is integral to the fashion game in that these factors help the new to emerge through mutual emulation, experimentation, and learning.

NOTES

1. So permanent that we can even date different Roman statues by their hairstyles.
2. The first, and highly original, economic reflection devoted to the topic of fashion is the paper by Caroline Foley (1893).
3. See Section 2 for a discussion of this point.
4. These points are discussed in Bianchi (1998, 2003).
5. It is interesting to notice here that Georg Simmel (1957), whose name is frequently associated with Veblen's when it comes to fashion, had a much more articulated approach to this topic. Like many who followed him, he argued that imitation in fashion follows a trickle down pattern, with only the upper classes as leaders of innovations. Yet he also discovered that fashion obeyed a desire for originality and self-expression, and opened social interaction to experimentation and change. A discussion of Simmel's original contribution is in Sassatelli (2000).
6. For a detailed historical reconstruction of the debate on "conspicuous" consumption see Mason (1998).
7. Pesendorfer (1995) and Frijters (1998) modify these models, introducing the idea that luxury goods are provided by monopolists who face the classical problem of pricing a durable good (see also Gregor, 1948). They initially sell the good at a price higher than marginal cost to those who want to use it as a signal of wealth and status. Then they lower the price and sell it to the rest of the population. Once enough consumers have bought the good, and it no longer serves as a signal, they produce a new design of the same good that can be sold at a high price, and the cycle repeats itself.
9. The spread of Internet technology among consumers has both accelerated and revealed the working of communities of consumers in discovering and sharing information. Von Hippel (2005) offers numerous examples, in sports, medical imaging equipment and information technology where innovations are driven by users rather than manufacturers.
10. On the role of Fechner's studies on aesthetics see also Arneim (1986, p. 40).
11. In a very anticipatory paper analysing experience-dependent choices, Richard Day (1986) introduces the concept of periodic variety and criticizes the traditional economic assumption of acyclic preferences. He shows how both auto-feedback and environment feedback processes have the effect of propagating irregularly changing states.
12. For a discussion of this point see Bianchi (2002).
13. An example might further clarify this point. Consider the difference between crime stories and classic works of literature such as J. Austen's Pride and Prejudice or Shakespeare's Hamlet. At a second reading (when you already know the culprit) a crime story has lost all its novelty appeal and is prone to bore, even though it was gripping on a first reading. On the contrary, classical novels such as Pride and Prejudice can be reread many times and still continue to be enjoyable. In our model, m would be very small (even one) for crime novels and quite large for Austen's classic. In general, goods and activities that are complex and multi-dimensional tire less quickly than those whose characteristics are few and simple.
14. For women these were years of greater freedom and social mobility. Their active participation in work and sports, and the availability of new forms of entertainment such as motion pictures provided new social contacts and exposure. The fashions that emerged reflected these conquered freedoms of movement, activity, and aspirations. Indeed, many of their features were directly imported from the world of sports and work (tweed and pullovers, shorts, and pants). Meanwhile, technological improvements and innovation in the production of fabric made fashion more accessible and democratic. Clothes required, in fact, little material and had an easy cut, stockings had become cheaper, decoration was easily altered and modular, thus allowing for constant alternations and changes.
15. Haircuts remained short in these years but with many changes. The "bob" of the early twenties was first abandoned in favor of the "shingle," a cut with natural-looking waves, and later in favor of a short and masculine cut - the Eton crop.
16. In dresses, this is the period of the triumph of ethnic, hippie, punk, grunge, and mix-match looks, of revivals of the sixties, seventies, and fifties styles, with actual vintage clothes being used.
17. For example, Karmen and Schmeidler dismiss this kind of explanation on fashion cycles on the ground that "while changing tastes due to habit formation may explain certain aspects of variations in individual demands over time, it does not explain the correlated changes in individual demand that constitute a fad" (Karmen & Schmeidler, 1990, p. 262).

REFERENCES


