

## Understanding Collective Decision Making Through The Trend Effect Theory

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### Abstract

Collective decision-making processes play a crucial role in shaping social, political, and organizational outcomes. While existing theories, such as the Social Norms Theory, Diffusion of Innovations Theory, and Bandwagon Effect, have provided valuable insights into these processes, they often fail to capture the dynamic and complex nature of collective decision-making. This paper introduces the Trend Effect Theory, a novel theoretical framework that aims to address the limitations of existing theories and provide a more comprehensive understanding of how trends influence group behaviors. The Trend Effect Theory is grounded in the notion of binary classification, categorizing actions into two types: do/don't do and support/oppose. It emphasizes the universal applicability of trends across various group sizes and highlights the dynamic nature of trend formation and evolution. The theory distinguishes between open and closed trends, explaining how external influences can alter the size and direction of a trend. It also identifies the causes of trend changes, such as internal reversal, external dilution, concurrent internal and external influences, and decrease in participation. The Trend Effect Theory focuses on aggregate outcomes rather than individual actions and acknowledges the context-dependency of trend emergence and evolution. By introducing a 70% threshold for determining trend establishment, the theory offers a clear criterion for understanding collective decision-making processes. This paper discusses the advantages of the Trend Effect Theory over existing theories, its scope and limitations, and the roles and dynamics of participants, non-participants, and

initiators in trend formation. The potential applications of the theory in various fields, such as marketing, political science, and organizational behavior, are also explored. The Trend Effect Theory provides a valuable framework for researchers, policymakers, and practitioners seeking to understand and influence collective decision-making processes in an increasingly complex and dynamic world.

Keywords: Trend Effect Theory, collective decision-making, binary classification, trend dynamics, open and closed trends, initiators, followers, context-dependency

## **Introduction**

Collective decision-making processes are ubiquitous in human societies, shaping the outcomes of various social, political, and organizational contexts. From small groups to entire nations, the way in which individuals and groups make decisions together has profound implications for the functioning and well-being of society as a whole (Forsyth, 2018). Understanding the dynamics of collective decision-making is crucial for researchers, policymakers, and practitioners seeking to navigate an increasingly complex and interconnected world.

Existing theories have provided valuable insights into collective decision-making processes. The Social Norms Theory (Cialdini, Reno, & Kallgren, 1990) highlights the influence of perceived social norms on individual behavior, while the Diffusion of Innovations Theory (Rogers, 2003) explains how new ideas and practices spread through social networks over time. The Bandwagon Effect (Leibenstein, 1950) describes the tendency for individuals to adopt beliefs or behaviors that are already widespread in their social group. These theories have been widely applied in various fields, including psychology, sociology, and economics, to explain and predict collective behavior.

However, existing theories often fail to capture the dynamic and complex nature of collective decision-making processes. They may not adequately account for the rapid changes in social trends, the role of key individuals or events in shaping group behavior, or the context-specific factors that influence the emergence and evolution of collective decisions (Mason, Conrey, & Smith, 2007). Moreover, many existing theories focus on specific aspects of collective decision-making, such as social influence or information diffusion, without providing a comprehensive framework that integrates these various elements.

To address these limitations, we propose the Trend Effect Theory, a novel theoretical framework that aims to provide a more comprehensive and nuanced understanding of collective decision-making processes. The Trend Effect Theory builds upon insights from existing theories while introducing new concepts and mechanisms to explain the dynamics of trend formation, evolution, and change. By focusing on the binary nature of trends, the role of initiators and followers, and the context-dependency of trend emergence, the Trend Effect Theory offers a unique perspective on how collective decisions are shaped and transformed over time.

The Trend Effect Theory has important implications for a wide range of fields, from marketing and public relations to political science and organizational behavior. By providing a clear and testable framework for understanding collective decision-making processes, the theory can inform the development of more effective strategies for influencing group behavior, managing social change, and fostering collective action. As such, the Trend Effect Theory represents a valuable contribution to the interdisciplinary study of collective decision-making and has the potential to shape future research and practice in this important area.

In the following sections, we will introduce the key concepts and propositions of the Trend Effect Theory, discuss its advantages over existing theories, and explore its applications in

various contexts. We will also address the scope and limitations of the theory and suggest avenues for future research to further refine and extend its explanatory power.

### **Theoretical Framework**

The Trend Effect Theory is a novel theoretical framework that seeks to explain how collective decisions are shaped and influenced by social trends. At its core, the theory rests on the notion of binary classification, which categorizes actions into two distinct types: do/don't do and support/oppose (Berger & Milkman, 2012). This binary approach simplifies the analysis of collective behavior, making it easier to identify and track the emergence, evolution, and change of social trends over time.

One of the key advantages of the Trend Effect Theory is its universal applicability. Unlike some existing theories that focus on specific group sizes or contexts, the Trend Effect Theory can be applied to any level of analysis, from small teams to entire societies (Schelling, 2006). This makes the theory a versatile tool for understanding collective decision-making processes in a wide range of settings, from organizational behavior to global politics.

Another important feature of the Trend Effect Theory is its emphasis on the dynamic nature of trends. The theory recognizes that trends are not static entities but rather evolve over time in response to various internal and external factors (Sornette, 2003). This dynamic perspective is crucial for understanding how collective decisions can shift rapidly and unexpectedly, often in response to seemingly small or insignificant events.

The Trend Effect Theory also highlights the importance of mutual exclusivity in trend formation. According to the theory, opposite trends (support and oppose) cannot coexist simultaneously on the same issue. This means that, at any given time, there can only be one dominant trend in a particular context, with the other trend being relegated to a minority position (Granovetter &

Soong, 1988). This mutual exclusivity principle has important implications for understanding the competitive dynamics of trend formation and the role of social influence in shaping collective decisions.

Another key aspect of the Trend Effect Theory is its recognition of the context-dependency of trend emergence and evolution. The theory acknowledges that trends do not emerge in a vacuum but are heavily influenced by the social, cultural, and technological context in which they occur (Christakis & Fowler, 2009). This context-dependency means that the same trend may have different trajectories and outcomes in different settings, depending on the specific factors at play. The Trend Effect Theory also introduces the concept of initiators and followers as key roles in trend formation and change. Initiators are individuals or events that catalyze the emergence of a new trend or the reversal of an existing one (Gladwell, 2000). Followers, in turn, are those who adopt and propagate the trend, either through direct participation or social influence (Watts & Dodds, 2007). The interplay between initiators and followers is crucial for understanding how trends gain momentum and spread through social networks.

Finally, the Trend Effect Theory proposes a clear criterion for determining the establishment of a trend. According to the theory, a trend is considered established if it reaches a threshold of 70% support or opposition among the relevant population (Centola & Macy, 2007). This threshold provides a useful benchmark for assessing the strength and durability of a trend and for predicting its potential impact on collective decision-making processes.

Overall, the Trend Effect Theory offers a comprehensive and flexible framework for understanding collective decision-making processes. By combining insights from various fields, including psychology, sociology, and network science, the theory provides a powerful tool for analyzing and predicting the emergence, evolution, and change of social trends. In the following

section, we will discuss the advantages of the Trend Effect Theory over existing theories and highlight its potential applications in various contexts.

### **Openness and Closedness of Trends**

The Trend Effect Theory introduces a crucial distinction between open and closed trends, which has important implications for understanding the dynamics of collective decision-making processes. This distinction is based on the degree to which a trend is receptive to external influences, particularly in the form of new participants who may alter the size and direction of the trend (Rogers, 2003).

Open trends are characterized by their permeability to outside influences. In an open trend, new participants, or "early followers," can easily join and contribute to the trend's development (Watts & Dodds, 2007). These early followers play a crucial role in amplifying the trend's visibility and attracting subsequent followers, who further reinforce the trend's growth. Open trends are highly dynamic and adaptable, as they can quickly incorporate new ideas, practices, and participants (Centola & Macy, 2007). This openness allows for rapid changes in the trend's trajectory and can lead to sudden shifts in collective behavior.

In contrast, closed trends are more resistant to external influences and are primarily driven by the actions and decisions of existing participants. Closed trends often have higher barriers to entry, making it more difficult for new participants to join and influence the trend's direction (Granovetter & Soong, 1988). As a result, closed trends tend to be more stable and persistent over time, as they are less susceptible to the disruptive effects of external factors. However, this stability can also make closed trends more resistant to change, even when faced with compelling reasons to adapt or evolve (Kuran, 1987).

The openness or closedness of a trend can have significant implications for its potential to influence collective decision-making processes. Open trends may be more effective at mobilizing large-scale collective action, as they can quickly attract a critical mass of participants and generate widespread support (Centola, 2013). However, the very openness that makes these trends so powerful can also make them more volatile and unpredictable, as they are more susceptible to rapid changes in direction or intensity.

Closed trends, on the other hand, may be more effective at maintaining cohesion and consistency over time, as they are less vulnerable to external disruptions (Janis, 1982). However, the insularity of closed trends can also limit their ability to adapt to changing circumstances or incorporate new ideas, which can eventually lead to their stagnation or decline (Sunstein, 2002).

The Trend Effect Theory also identifies several key factors that can influence the openness or closedness of a trend. One important factor is the nature of the communication channels through which the trend spreads (Gladwell, 2000). Trends that rely on open, accessible communication channels, such as social media or public forums, are more likely to be open and receptive to external influences. In contrast, trends that spread through more restricted or exclusive channels, such as private networks or specialized communities, may be more closed and resistant to outside participation (Barabási, 2002).

Another important factor is the compatibility of the trend with the existing beliefs, values, and practices of potential participants (Rogers, 2003). Trends that align well with the prevailing cultural norms and expectations of a group are more likely to be open and easily adopted by new participants. In contrast, trends that challenge or contradict existing norms may face greater resistance and may be more closed to external influences (Cialdini & Trost, 1998).

Finally, the Trend Effect Theory suggests that the openness or closedness of a trend can have important implications for its potential to undergo sudden reversals or shifts in direction. Open trends, being more susceptible to external influences, may be more prone to rapid changes in response to new information, events, or participants (Bikhchandani, Hirshleifer, & Welch, 1998). Closed trends, on the other hand, may be more resistant to change but may also be more vulnerable to sudden collapses or reversals if their internal cohesion is disrupted (Granovetter, 1978).

Understanding the openness and closedness of trends is crucial for predicting and managing collective decision-making processes. By identifying the factors that influence a trend's receptivity to external influences, researchers and practitioners can better anticipate its potential trajectory and develop strategies for shaping its development. This insight is particularly valuable in fields such as marketing, public relations, and political science, where the ability to influence collective behavior is essential for achieving desired outcomes (Kotler & Armstrong, 2021).

Moreover, the distinction between open and closed trends highlights the importance of considering the broader social and cultural context in which collective decision-making processes occur. By recognizing the ways in which existing beliefs, values, and practices shape the adoption and spread of new trends, researchers and practitioners can develop more effective interventions that are tailored to the specific needs and constraints of different groups and communities (Cialdini, 2001).

In conclusion, the openness and closedness of trends is a crucial dimension of the Trend Effect Theory that sheds light on the complex dynamics of collective decision-making processes. By understanding the factors that influence a trend's receptivity to external influences, researchers



and practitioners can better predict its potential trajectory and develop strategies for shaping its development. This insight is essential for navigating the increasingly complex and interconnected landscape of collective behavior in the modern world.

### **Determination of Trend Formation**

The Trend Effect Theory provides a clear and testable criterion for determining the formation and establishment of trends in collective decision-making processes. According to the theory, a trend is considered to be established when it reaches a critical threshold of 70% support or opposition among the relevant population (Centola & Macy, 2007). This threshold represents a tipping point at which the trend becomes self-sustaining and begins to exert a powerful influence on collective behavior (Gladwell, 2000).

The 70% threshold is based on research in social psychology and network science, which suggests that this level of support is sufficient to generate a "critical mass" of participants who can sustain and amplify the trend's momentum (Granovetter, 1978). Once a trend reaches this threshold, it becomes increasingly difficult for individuals to resist its influence, as the social pressure to conform becomes more intense (Asch, 1956). As a result, the trend begins to spread rapidly through social networks, attracting new participants and reinforcing its own growth (Watts & Dodds, 2007).

The Trend Effect Theory also highlights the important roles that different types of participants play in the formation and evolution of trends. The theory distinguishes between three main types of participants: initiators, early followers, and subsequent followers (Rogers, 2003). Initiators are the individuals or events that spark the emergence of a new trend, often by introducing a novel idea, behavior, or product that resonates with a particular audience (Gladwell, 2000). Early followers are the first group of participants who adopt and spread the trend, helping to establish

its initial momentum and credibility (Watts & Dodds, 2007). Subsequent followers are the larger group of participants who join the trend once it has already gained significant traction, further amplifying its reach and impact (Centola & Macy, 2007).

The interplay between these different types of participants is crucial for understanding how trends form and evolve over time. Initiators play a key role in introducing new ideas and behaviors into a social system, but their influence is often limited by their small numbers and lack of social connections (Barabási, 2002). Early followers, on the other hand, are more numerous and better connected, allowing them to quickly spread the trend through their social networks and attract subsequent followers (Watts & Dodds, 2007). As the trend gains momentum, subsequent followers become increasingly important, as their large numbers and diverse social connections help to amplify the trend's reach and impact (Centola & Macy, 2007). The Trend Effect Theory also recognizes the importance of non-participants in shaping the formation and evolution of trends. Non-participants are individuals who are aware of the trend but choose not to actively engage with it, either by supporting or opposing it (Glynn, Huge, & Lunney, 2009). While non-participants may not directly contribute to the trend's momentum, their presence can still influence its trajectory by shaping the social and cultural context in which it operates (Cialdini & Trost, 1998). For example, if a large number of non-participants express skepticism or disapproval of a trend, it may become more difficult for the trend to gain widespread acceptance and legitimacy (Noelle-Neumann, 1974).

The Trend Effect Theory's emphasis on the 70% threshold and the roles of different types of participants provides a valuable framework for predicting and managing the formation and evolution of trends. By identifying the key actors and processes that drive trend formation, researchers and practitioners can develop more effective strategies for shaping collective

behavior and achieving desired outcomes (Watts & Dodds, 2007). For example, marketers can use the theory to identify potential initiators and early followers for new products or services, while policymakers can use it to anticipate and respond to emerging social and political movements (Kotler & Armstrong, 2021).

Moreover, the theory's recognition of the importance of non-participants highlights the need for a more nuanced and inclusive approach to understanding collective decision-making processes. By considering the perspectives and influences of those who may not actively engage with a trend, researchers and practitioners can develop a more comprehensive understanding of the complex social and cultural factors that shape collective behavior (Glynn, Huges, & Lunney, 2009).

In conclusion, the Trend Effect Theory's determination of trend formation provides a clear and testable criterion for understanding how trends emerge and evolve in collective decision-making processes. By identifying the critical threshold of 70% support or opposition and the roles of different types of participants, the theory offers valuable insights for predicting and managing the complex dynamics of collective behavior. As the study of trends continues to evolve, the Trend Effect Theory's emphasis on the interplay between participants and non-participants provides a foundation for developing more nuanced and inclusive approaches to understanding the factors that shape our social world.

### **Scope and Limitations**

The Trend Effect Theory provides a comprehensive framework for understanding collective decision-making processes, but it is important to recognize its scope and limitations. By clearly defining the boundaries of the theory and acknowledging its potential constraints, researchers and practitioners can more effectively apply its insights and identify opportunities for further development and refinement.

One of the primary strengths of the Trend Effect Theory is its focus on aggregate outcomes rather than individual actions. By emphasizing the collective nature of decision-making processes, the theory provides a valuable perspective on how trends emerge, evolve, and change over time (Schelling, 2006). This focus on collective behavior is particularly useful for understanding large-scale social phenomena, such as political movements, consumer trends, and cultural shifts (Gladwell, 2000).

However, this emphasis on aggregate outcomes also means that the Trend Effect Theory may not always capture the full complexity of individual decision-making processes. While the theory acknowledges the importance of individual actors, such as initiators and followers, it does not provide a detailed account of the psychological and cognitive factors that shape individual choices (Kahneman, 2011). As a result, the theory may not fully explain the motivations and behaviors of specific individuals within a trend, particularly those who deviate from the dominant pattern of behavior (Granovetter, 1978).

Another limitation of the Trend Effect Theory is its potential insensitivity to the unique characteristics of different groups and contexts. While the theory's binary classification of trends provides a useful simplification of complex social phenomena, it may not always capture the nuances and variations that exist within and between different communities (Kuran, 1997). For example, the theory may not fully account for the ways in which different cultural, social, and economic factors shape the emergence and evolution of trends in different settings (Hofstede, 2001).

Additionally, the Trend Effect Theory's focus on trends as the primary unit of analysis may overlook the importance of other factors that influence collective decision-making processes. For example, the theory may not fully consider the role of institutional structures, power dynamics,

or resource constraints in shaping the development and outcomes of trends (Ostrom, 2015).

While the theory acknowledges the importance of contextual factors, it may not provide a comprehensive framework for analyzing the complex interplay of these factors in specific situations (North, 1991).

Furthermore, the Trend Effect Theory's emphasis on the binary nature of trends may not always capture the full range of possible outcomes or trajectories. In some cases, trends may exhibit more complex patterns of development, such as cycles of growth and decline, or may interact with other trends in ways that produce unexpected or emergent outcomes (Sornette, 2003). While the theory provides a valuable starting point for analyzing these complex dynamics, it may not always offer a complete or definitive account of their underlying mechanisms (Taleb, 2007).

Despite these limitations, the Trend Effect Theory remains a valuable tool for understanding and predicting collective decision-making processes. By providing a clear and testable framework for analyzing the emergence, evolution, and change of trends, the theory offers important insights that can inform the development of more effective strategies for shaping collective behavior (Thaler & Sunstein, 2008).

Moreover, the limitations of the Trend Effect Theory also highlight important opportunities for further research and development. For example, future studies could explore ways to integrate insights from other theoretical perspectives, such as individual decision-making theories or institutional analysis, to provide a more comprehensive account of collective behavior (Ostrom, 2005). Additionally, empirical research could test the predictions of the theory in different settings and contexts, helping to refine its scope and applicability (Mason, Conrey, & Smith, 2007).

In conclusion, while the Trend Effect Theory has important limitations, it remains a valuable framework for understanding collective decision-making processes. By acknowledging its scope and constraints, researchers and practitioners can more effectively apply its insights and identify opportunities for further development and refinement. As the study of collective behavior continues to evolve, the Trend Effect Theory provides a foundation for advancing our understanding of the complex dynamics that shape the world around us.

### **Conclusion**

The Trend Effect Theory represents a significant advancement in our understanding of collective decision-making processes. By providing a comprehensive and testable framework for analyzing the emergence, evolution, and change of trends, the theory offers valuable insights into the complex dynamics that shape our social world. The theory's emphasis on the binary nature of trends, the critical threshold of 70% support or opposition, and the roles of different types of participants provides a clear and coherent approach to understanding how collective behavior is formed and sustained over time.

One of the key strengths of the Trend Effect Theory is its ability to integrate insights from multiple disciplines, including psychology, sociology, and network science. By drawing on a diverse range of theoretical and empirical perspectives, the theory provides a more comprehensive and nuanced account of collective decision-making processes than many existing frameworks. This interdisciplinary approach allows the theory to capture the complex interplay of individual, social, and cultural factors that shape the formation and evolution of trends, providing a more complete and accurate picture of collective behavior.

Another important contribution of the Trend Effect Theory is its emphasis on the dynamic and context-dependent nature of trends. Unlike many existing theories that treat trends as static or

universal phenomena, the Trend Effect Theory recognizes that trends are constantly evolving and adapting to changing social and cultural conditions. This dynamic perspective allows the theory to account for the ways in which trends emerge, grow, and decline over time, providing a more realistic and flexible approach to understanding collective behavior.

The Trend Effect Theory also has important practical implications for a wide range of fields, including marketing, politics, and public policy. By providing a clear and testable framework for predicting and managing the formation and evolution of trends, the theory offers valuable tools for shaping collective behavior and achieving desired outcomes. For example, marketers can use the theory to identify potential initiators and early followers for new products or services, while policymakers can use it to anticipate and respond to emerging social and political movements. Moreover, the Trend Effect Theory's emphasis on the importance of non-participants highlights the need for a more inclusive and nuanced approach to understanding collective decision-making processes. By recognizing the ways in which those who may not actively engage with a trend can still influence its trajectory, the theory provides a foundation for developing more comprehensive and equitable strategies for shaping collective behavior.

Despite its many strengths, the Trend Effect Theory also has important limitations that should be acknowledged and addressed in future research. For example, the theory's focus on aggregate outcomes may not always capture the full complexity of individual decision-making processes, while its emphasis on binary classifications may overlook important nuances and variations within and between different communities. Additionally, the theory's focus on trends as the primary unit of analysis may not fully account for the ways in which other factors, such as institutional structures or resource constraints, shape collective behavior.

To address these limitations, future research should seek to refine and extend the Trend Effect Theory in several key ways. First, empirical studies should be conducted to test the theory's predictions and assumptions in a variety of different contexts and settings, helping to establish its scope and generalizability. Second, theoretical work should be undertaken to integrate insights from other relevant perspectives, such as individual decision-making theories or institutional analysis, to provide a more comprehensive and multi-faceted account of collective behavior. Finally, practical applications of the theory should be developed and evaluated in real-world settings, helping to demonstrate its utility and effectiveness for shaping collective behavior.

In conclusion, the Trend Effect Theory represents a valuable and innovative approach to understanding collective decision-making processes. By providing a clear and testable framework for analyzing the emergence, evolution, and change of trends, the theory offers important insights into the complex dynamics that shape our social world. While the theory has important limitations that should be acknowledged and addressed, its emphasis on the dynamic and context-dependent nature of trends, the critical threshold of 70% support or opposition, and the roles of different types of participants provides a solid foundation for future research and practical applications. As the study of collective behavior continues to evolve, the Trend Effect Theory is poised to play a key role in advancing our understanding of the factors that shape our social world, and in developing more effective strategies for shaping collective behavior in a wide range of contexts and settings.

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