

NFTs as a Data-Rich Test Bed: Conspicuous Consumption and its Determinants



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Arxiv:



Dataset:



The **PFP NFT** market, like the luxury fashion market, is driven by **conspicuous consumption**.



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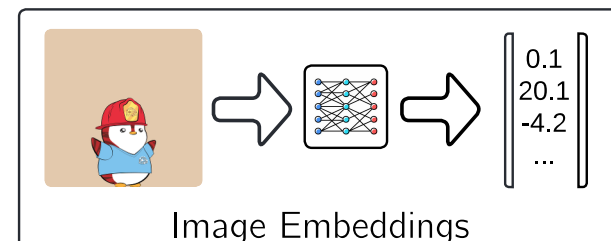
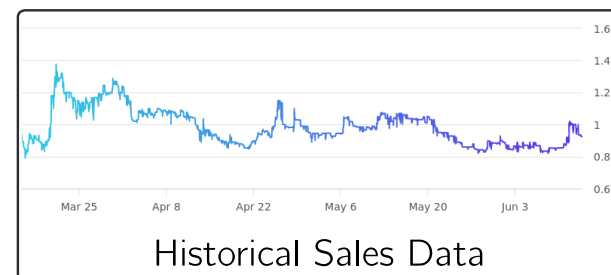


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Valued as a **signal of wealth** or **taste** ...and **community affiliation**.

NFT data is **incredibly rich**, with full access to:



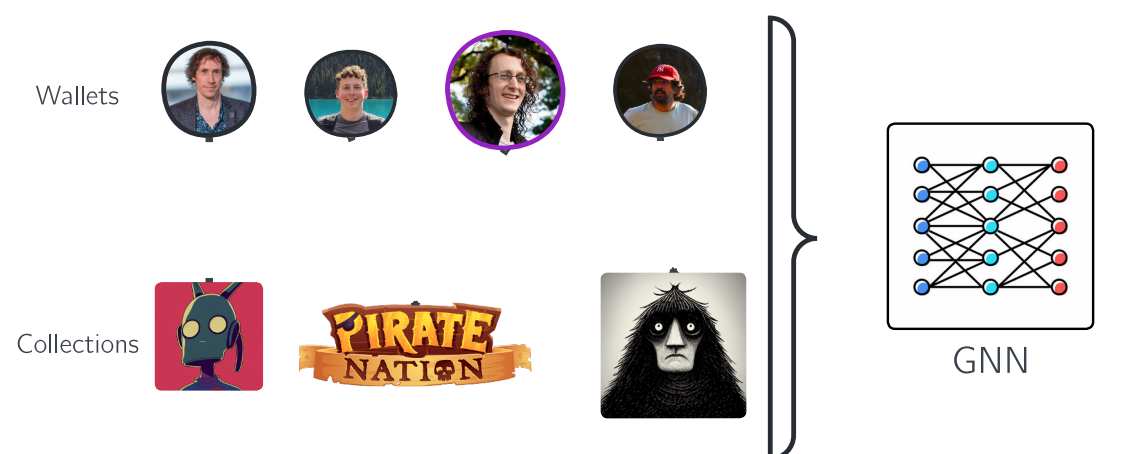
Evidence of Conspicuous Consumption of NFTs and **New Insights**

Across Collections

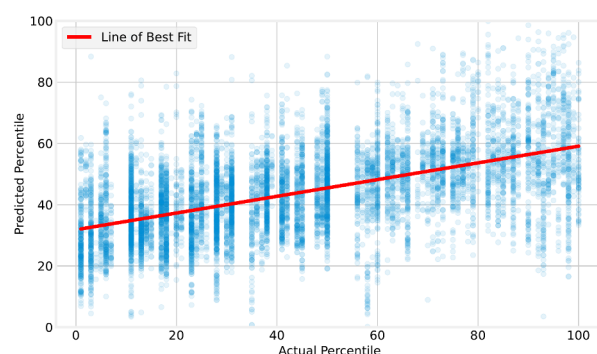


Bandwagon Effect¹: *Trendy* goods are more valuable

NFT ownership forms a social network:



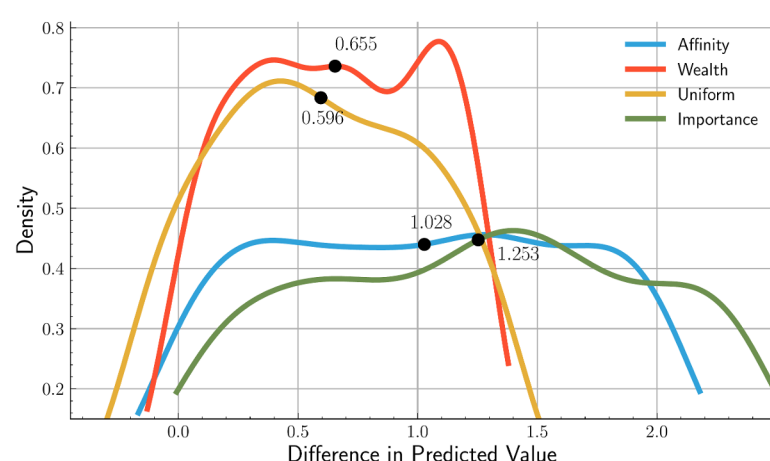
This social network has predictive power about NFT value



Our model predicts that:

1) **Tight knit communities are important** for NFT value

2) **Wealthy community members are important** for NFT value



Within Collections



Snob Effect¹: *Exclusive* goods are more valuable

NFTs have:

Rarity Ranks
(computed by community)

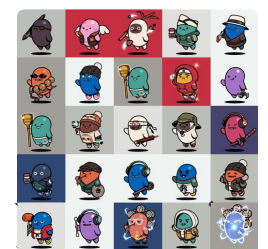


84th most rare Cool Cat
Traits: Unicorn Horn 1%, Sunglasses 2%

Rarity significantly correlated with value in 67.5% of collections

Rarity explains more variance in sale price than visual distance 71.5% of the time

Visual Distance
(computed by us)



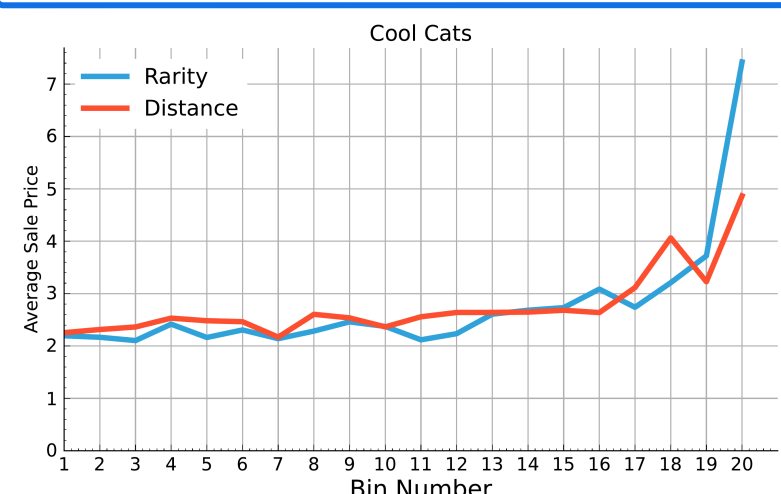
Most average looking bean:
\$4,800 USD



Least average looking bean:
\$87,000 USD

Visual Distance significantly correlated with value in 37.5% of collections

Case Study on top collections: relationship between rarity/distance and sale price is driven primarily by the most rare/distance NFTs



1. Leibenstein, H. (1950). Bandwagon, snob, and Veblen effects in the theory of consumers' demand. Quarterly Journal of Economics 64(2), 183-207.
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