Title:
Place-Making or Consumer-Making: The Role of the Neighborhood in Shaping Consumption Patterns

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Abstract:
The past decade has seen renewed interest in neighborhoods’ location-specific characteristics such as amenity levels and mix and spatial and social integration. In this paper, we study the underpinnings a key policy goal of this effort: local economic development. We examine whether location-specific goods play a role in shaping individual consumption patterns and by which channel. In a series of empirical exercises, we provide suggestive evidence for three main observations. (1) Location-specific characteristics, unlike demographic characteristics, are not systematically associated with particular consumer product popularity. (2) Consumer goods firms are more responsive to changes in regional demographic characteristics than location-specific goods. (3) Location-specific characteristics play a role in the pass-through of regional consumption trends to the individual household. Taken together, these observations suggest that location-specific goods are more likely to affect consumption patterns through changes in individual consumer shopping patterns than changes in the supply conditions. Our findings have implications for policy-makers as well as marketers looking to hone the targeting strategy of their consumer goods.