From Rural Roots to Urban Streets: Geographic Segmentation of Generation Z Luxury Consumption

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Abstract:

Over the years, the world of luxury has been led by large metropoles such as Paris, London or New York and more recently Shanghai. Customers living in midsize cities and rural areas have often been overlooked by luxury brands and academic research on the se geographic segments is very scarce. This study addresses this gap by exploring differences in perceptions and behaviors toward luxury among Generation Z (Gen Z) consumers across rural, midsize, and urban contexts. Findings, though exploratory, reveal significant differences in knowledge, expectations of purchase experiences, and attitudes toward social media influencers, with gender-based variations being particularly pronounced among rural males. The research contributes to the literature by proposing geographic segmentation as a relevant criterion for luxury marketing strategies.

Keywords: Luxury consumption, Generation Z, rural vs. urban consumers, geographic segmentation, luxury social media influencers

INTRODUCTION

Luxury markets have historically favored large metropolises such as Paris, London, New York and more recently Shanghai, with communication and retail experiences optimized for cosmopolitan audiences. The purpose of this article is to examine generation Z' (gen Z) attitudes toward luxury goods and experiences with a special focus on individuals residing, in rural areas and medium-size cities. Although, academic research on luxury consumption is plentiful, few researchers have focused on that specific topic. However, due to the emergence of online sales as a widespread distribution mode for luxury items, rural customers do currently have better access to luxury goods than ever before and may represent a sizable share of the market in a near future. Social media has also revolutionized the ability to reach these populations.

The author also made a deliberate choice to investigate young adults in this specific context, and more specially the Generation Z (Gen Z), born between 1997 and 2012, a cohort projected to account for 25% of global luxury spending by 2030 (Bianchi et *al.* Boston Consulting Group 2025). Moreover, the current trends seem to indicate that Gen Z's luxury consumption and purchasing patterns diverge from previous generations, favoring sustainability and inclusivity over status and prestige (Burleigh 2025; Marshak 2025).

This article explores whether Gen Z's attitudes, information needs and shopping behaviors differ significantly across geographic locations. It will compare rural (population <50,000), midsize (population between 50,000 and 1 million) and urban (population over 1 million) residents. This article aims to address a gap in the luxury literature by investigating the value of geographic segmentation based on population size as a valuable strategic tool for luxury brands.

LITERATURE REVIEW

Academic research on the geographic factors affecting the attitude toward luxury is limited with most studies concentrating on aggregated population density rather than explicitly examining differences between rural and urban contexts. Currid-Halkett et al. (2018) investigated the impact of population density on conspicuous consumption of luxury goods and concluded that the lowest the population density, the higher the need for conspicuous luxury consumption. Veblen (1899) defined conspicuous luxury consumption as the need to prove one's wealth, status and social class through the conspicuous display of luxury. Kastanakis and Balabanis (2014) identified two forms of conspicuous luxury consumption: snob and bandwagon. Bandwagon consumption occurs because the popularity of one item makes it attractive. The snob conspicuous consumption is the exact opposite. An item ceased to become attractive due to its popularity.

Currid-Halkett et al. (2018) argue that in high density locations there is harsh competition between individuals and the need for uniqueness drive them away from what they consider "common" luxury items that are conspicuous. Matherly et al. (2018) also agree that residing in densely populated areas may lead luxury customers to purchase less "ubiquitous" brands and focus on "select" brands, recognizable by connoisseurs. However, Otterbring et al. (2021) obtained opposite results when comparing the population density of the United States and the United Kingdom and concluded that the more densely populated United Kingdom favors inconspicuous consumption.

The notion of inconspicuousness in luxury consumption has also been widely researched (Eckhardt et al. (2015), Makkar and Yap (2018), Brandao and Magalhaes Barbedo (2022), Eastman et al. (2022), Pangarkar and Shukla (2023)). According to Eckhard et al. (2015) inconspicuous consumption of luxury goods started to rise with the democratization of luxury (Rosendo-Rios and Shukla 2023). Certain brands diluted their distinctive appeal by developing lower price offerings, affordable to larger segments. Subsequently, certain traditional luxury consumers started to adopt more sophisticated forms of luxury, only recognizable by elite connoisseurs. Makkar and Yap (2018) emphasize that inconspicuous luxury is a strong element of differentiation between "old money" and "new money", and a subtle signal recognized by peers. Eastman et al. (2022) added another reason for choosing inconspicuous luxury consumption: privacy in luxury consumption, while Brandao and Magalhaes Barbedo (2022) determined that the need for uniqueness is an antecedent of inconspicuous luxury consumption and believe that the consumers have evolved from purchasing luxury items for status enhancement to researching experiential moments instead. Finally, Pangarkar and Shukla (2023) provided strategic options for luxury brand to navigate the current challenges of conspicuous and inconspicuous luxury consumption in the digital era.

RESEARCH QUESTION, HYPOTHESES AND METHOD

This research examines the attitudinal and behavioral differences between Gen Z luxury consumers living in rural, midsize towns or large metropoles. Both the U.S. census and the USDA define these respective geographical categories based on population size. The USDA definition is used for this paper: rural areas include small towns with a population lower than 50,000, mid-size cities have a population between 50,000 and 1 million and large urban metropoles have a population of 1 million and over.

The following hypotheses were developed:

H1: Gen Z's attitudes toward luxury vary significantly by geographic location (rural, midsize towns, large metropoles).
H2: Gen Z's shopping behavior varies significantly by geographic location (rural, midsize towns, large metropoles).
H3: luxury Gen Z customers have a different relationship with social media depending on their geographic location (rural, midsize towns, large metropoles)
H4a: rural Gen Z males have a different attitude toward luxury brands than Gen Z females
H4b: rural Gen Z males have a different attitude toward luxury brands than their counterparts in midsize cities or large metropoles
H4c: rural Gen Z females have a different attitude toward luxury brands than their counterparts in midsize cities or large metropoles.

The hypotheses were tested through empirical research consisting in an online questionnaire. The following theories and scales were used to develop the survey instrument:

The key constructs to measure luxury such as quality, authenticity, prestige, and premium price were adapted from the BLI model by Vigneron and Johnson (2004) and the meta-analysis study by Ko et *al.* (2017). The brand concept classification developed by Park et *al.* (1986) and the theory of consumption values (Sheth et *al.* 1991) also served as guidelines for developing the questionnaire. The following construct categorization, functional, social (including symbolic) and experiential were used in the survey instrument. The functional construct includes items such as durability, quality, reliability and price. The social construct includes the notions of status, prestige, identity, self-concept. The experiential construct focuses on pleasure and sensory stimulations beyond practical benefits. Some sustainability consumption questions for luxury consumption developed by Kapferer and Michaut-Denizeau (2019) were also added to the questionnaire.

The survey used a convenience sample and was administered to young adults born between 1997 and 2005, aged 18 to 27 at the time of the survey, and therefore part of generation Z. 249 usable questionnaires were obtained. 93% of the respondents in the sample grew up in the USA and Canada and 26 % currently live in rural areas (population < 50,000), 63% in midsize metropolitan areas between 50,000 to 1,000,000 inhabitants and 11% in metropolitan areas over 1,000,000 inhabitants. The sample was balanced between males and females with 51% males and 46% females while 3% of the respondents qualified as non-binary. Students represented 57% of the sample. 42% of the respondents had a household income below USD 50,000, 20% between USD 50,000 and 99,999, 18% between USD 100,000 and 150,000 and 20% over USD 150,000. 8% of the respondents have never purchased a luxury item but all respondents were screened prior to answering the survey and add to agree with the following statement to be selected: "Have you ever purchased or seriously considered purchasing a luxury product or service?"

FINDINGS

Most respondents in this research live in a midsize town in the American Midwest, approximately three hours away from a large metropole. The sample is mostly motivated by the functional components of luxury (Sheth et *al.* 1991): on a scale of 1 to 5, durability (Mean=4.36), quality (Mean=4.43) and price (Mean=4.15) are the most important elements to them when considering

a luxury purchase. Their behavior is pragmatic: 85% seek out sales promotion and 65% have purchased second-hand luxury items. Many also agree that a replica is equally attractive than the original luxury item (Mean=3.04).

The notions of ethics (Mean =3.62) and transparency (Mean=3.90) are also though the respondents are more ambivalent about selecting mostly sustainable brands (Mean=2.98), suggesting an attitude-behavior gap.

Other important components selected by the sample are uniqueness (Mean=3.23), personalization (Mean=3.35) and memorable experience when choosing luxury brands (Mean=3.67). However, respondents showed little interest in traditional exclusivity such as VIP events, private sales (Mean=2.43) or one-to one relationships with store assistants (Mean=2.74). 47% prefer buying luxury items online and 53% in a physical store. 36.5% prefer buying luxury experiences while 63.5% prefer buying luxury goods.

While acknowledging that expertise enhances luxury appreciation (Mean=3.17), respondents rated their own knowledge low (Mean=2.8). That may be the reason why they tend to research the brands prior to purchasing luxury goods or services (Mean=3.58). They are however skeptical about relying on social media influencers to obtain information (Mean=2.61). Moreover, only 38% follow luxury brands on social media, but they nevertheless agree (Mean=2.94) that they social media influencers shape their perception of luxury. However, it is not important for them to share their luxury experiences on social media (Mean=1.91). Most want to keep their purchase private (Mean=3.09).

The sample is ambivalent about conspicuous versus inconspicuous consumption. On the one hand, as described above, they tend to keep their purchases and experiences private (inconspicuous consumption) but lack the knowledge (Mean=2.80) to fully embrace it, and benefit from status recognition: for the most part they are not interested in purchasing luxury brands only recognized by connoisseurs (Mean=2.63). This notion may not interest them because they are not overly motivated by status either (Mean=2.72). They don't believe that owning luxury goods enhance their social status (Mean=2.56) or that it reflects a lifestyle (Mean=2.79). On the other hand, as indicated above they value uniqueness (Mean= 3.23), personalization (Mean=3.35) and memorable experiences (Mean=3.67). Their key motivation may be their personal enjoyment (76% of the sample), their personal satisfaction of owning a quality item that enhances their self-concept and makes them feel good about themselves (Mean=3.16).

Overall the findings reflect an emerging "Midwestern" luxury consumer profile: pragmatic, ethically aware, and self-oriented, but ambivalent about status and sustainability. This challenges dominant narratives of luxury as primarily conspicuous or symbolic, pointing instead toward a hybrid model where functional value and self-concept reinforcement outweigh external recognition.

On a more granular basis the segmentation research H1 to H5c yielded the following results:

H1 is validated. To examine potential differences among residents of rural areas, midsize towns, and large metropolitan centers, a one-way ANOVA was conducted. The full results are presented in Table 1 (Appendix). The analysis revealed five variables with statistically significant differences

at $p < .05$ across the three groups. The Duncan post-hoc test indicates that rural residents are the least knowledgeable about the luxury market (Mean = 2.52), compared with residents of midsize towns (Mean = 2.95) and large metropolitan areas (Mean = 2.67). Consequently, rural customers appear to expect more personalized guidance and one-to-one interactions when making purchases (Mean = 3.08), in contrast with metropolitan (Mean = 2.52) and midsize town residents (Mean = 2.63). In addition, rural consumers show lower interest in uniqueness than midsize town residents (Mean = 3.06 vs. 3.35) and adopt a more utilitarian perspective than urban consumers. For example, they are more likely to agree that a replica is as attractive as the original (Mean = 3.12 vs. 2.33). Rural customers also perceive luxury ownership as a means of enhancing self-concept (Mean = 3.42), to a greater extent than midsize town residents (Mean = 3.09) and metropolitan residents (Mean = 2.63). Finally, rural consumers demonstrate a higher level of trust in social media luxury influencers (M = 2.88) compared with residents of midsize towns (Mean = 2.63) and metropolitan areas (Mean = 2.49)

H2 is not supported. Cross-tabulations between the three categories of geographic density and Q14 (seeking sales promotions), Q15 (purchasing second-hand luxury items), Q16 (primary motivation for purchasing luxury), Q17 (preferred shopping channel), and Q18 (frequency of purchasing luxury brands) yielded no statistically significant Chi-Squares. Although it could be hypothesized that rural consumers would demonstrate a greater propensity to purchase luxury items online— owing to limited access to physical retail outlets—the results did not substantiate this assumption. There was no difference in this regard.

H3 is partially supported. A one-way ANOVA test revealed a significant difference ($p = .032$) in perceptions of luxury social media influencers. Rural consumers reported the most favorable perception (M = 2.88 on a 5-point scale), compared with residents of midsize towns (M = 2.49) and large metropolitan areas (M = 2.63). However, no additional significant differences were observed. Specifically, rural consumers were not more likely than their counterparts to be influenced by social media influencers, to share luxury experiences online, or to follow luxury brands on social media.

H4a is supported. An independent sample t-test was conducted on the rural population of the sample. Several variables presented significant differences between males and females on a 5-poiny scale. The results are outlined in table 2 in the appendix. Rural women appear to adopt a more utilitarian perspective on luxury consumption than rural men. Although functional aspects of luxury were rated highly by both genders, women reported significantly stronger emphasis on these attributes. By contrast, men expressed greater interest in using luxury brands as a means of identity expression and scored higher on measures of inconspicuous consumption.

H4b is supported. Men's attitude toward luxury brands varies significantly depending on their location. The results are outlined in table 3 in the appendix. The Duncan post-hoc test revealed that rural men are significantly less knowledgeable than the residents of midsize towns (Mean=2.38 versus 3.05). They are also significantly more interested in one-to one relationship in a luxury store (Mean=3.25 versus 2.27 for metropoles and 2.53 for midsize towns). Uniqueness is also more important to them than to men residing in metropoles (Mean=3.17). They also believe that luxury brands reflect a lifestyle (Mean=3.04) and that a replica is equally attractive (Mean=3.00)

H4c is not validated. The one-way ANOVA yielded only one significant difference: rural women believe that a replica is equally attractive (Mean=3.15). Rural women's attitude seems to align with women in more densely populated areas.

DISCUSSION AND CONCLUSIONS

Although exploratory, these findings suggest that Gen Z consumers, living in midsize towns or rural areas represent a distinct segment within the luxury market. Their preferences are shaped by pragmatic considerations such as durability, quality, and price, alongside ethical concerns and a desire for personalization. In order to compensate for their limited knowledge of luxury brands, rural consumers exhibit a strong inclination toward one-on-one interactions with the brand and trust social media influencers more than their urban counterparts. One can conclude that they are craving advice and information. This highlights a need for targeted education and engagement strategies. Gender differences further complicate this geographic segmentation. Rural women prioritize functional attributes, while rural men show greater interest in identity expression and inconspicuous consumption. These nuances underscore the importance of developing differentiated marketing strategies that account for both geographic and gender-based variations.

MANAGERIAL IMPLICATIONS

Luxury brands must recognize the strategic importance of geographic segmentation. Rural consumers, though less knowledgeable, are receptive to personalized experiences and digital engagement. Brands should invest in educational content and leverage social media influencers to build trust and awareness among these consumers.

Given the comfort of rural consumers with online shopping, luxury brands have an opportunity to expand their reach through e-commerce platforms. Personalized digital experiences, virtual consultations, and micro-influencers can enhance brand visibility and loyalty in underserved regions.

Marketers should also consider gender-specific strategies. Rural men respond positively to identity-driven messaging and inconspicuous luxury cues, while rural women prioritize functionality and ethical considerations.

LIMITATIONS AND FURTHER RESEARCH

This research faced several limitations. The sample mostly included luxury customers living in midsize towns or rural areas in the United States. There were not enough respondents residing in large metropoles to generalize the results. The sample was also skewed toward students, and it may have impacted the findings. Further research may include additional respondents from large metropoles and additional socio-professional categories. It would also be interesting to expand this research by surveying the millennials and determine whether geographic segmentation also applies to this very influential cohort.

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Appendix

Table 1: One-Way ANOVA. Differences between rural, midsize and urban locations

Items	F	Sig.
Q1: I know a lot about the luxury world	4.665	0.010
Q12: I expect to have a one-to-one relationship with a store assistant when I shop for a luxury product	3.787	0.024
Q21: If you were to purchase a luxury brand (good or service), how important is uniqueness to you?	3.271	0.040
Q35: A replica of luxury goods is equally attractive	6.800	0.001
Q37: Luxury brands (goods or services) make me feel good about myself	3.262	0.040
Q38: Social media influencers provide authentic insights into luxury products	3.476	0.032

Table 2: Independent Sample t-test comparing rural males and females

	Males (Mean)	Females (Mean)	P. value (two-sided)
Q7: Luxury brands help me express my identity and values	2.83	2.25	.021
Q10: I prefer luxury brands that only those who have experience with that product category would recognize	3.00	2.48	.043
Q23: How important is quality to you when purchasing a luxury brand?	3.83	4.60	.015
Q27: When shopping for luxury goods or services, how important is price to you?	3.88	4.43	.009
Q33: People who buy luxury brands differentiate themselves from others	2.83	3.43	.014
Q36: A luxury good/service has high quality	3.38	3.80	.030

Table 3: One-way ANOVA. Comparing men's attitude toward luxury brand across locations (Rural, Midsize, Urban)

Items	F	Sig.
Q1: I know a lot about the luxury world	5.769	0.004
Q12: I expect to have a one-to-one relationship with a store assistant when I shop for a luxury product	4.617	0.012
Q21: If you were to purchase a luxury brand (good or service), how important is uniqueness to you?	4.148	0.012
Q30: A luxury brand should reflect a lifestyle	5.382	0.006
Q35: A replica of luxury goods is equally attractive	3.547	0.032