

Luxury Shopping in a Tough Economy

Matt Friedman:

The opening of a new Tiffany's store was cause for celebration in Columbus, Ohio.

Amy Hendricks:

It's incredible. It's every little girl's dream to shop here at Tiffany's.

Matt Friedman:

But the arrival of the high-end retailer comes amidst the sharpest decline in net worth in fifty years.

Dan Stanek:

This economy is affecting the lux- the, uh, the high-end consumer pretty significantly. Uh, not so much in terms of income, not so much in terms of debt, but a lot of it has to do with the portfolios that they have, that, er have, uh, taken a huge hit. And home prices, of course, uh, and home values have taken a huge hit.

Matt Friedman:

Luxury sales overall dropped nearly 35 percent in the first week of December from the same period a year ago. They were down 23 percent in the five weeks ending December 6.

Matt Friedman:

The manager of this Tiffany's says the luxury store has survived earlier tough times.

Christiane Branderhorst:

I think Tiffany & Co. has been around for 171 years, and when you look back at American history and think of all the things that have happened in that 171 years, with a Civil War and a Great Depression, I think that this is just something else that we're gonna move through, and we're gonna be around another 170 years.

Matt Friedman:

Stores that sell the luxury goods are offering major discounts to attract shoppers.

Dan Stanek:

All traffic is gonna be, uh, very very difficult, because one of the, uh, ways people are-are cutting back is by just not shopping, by reducing their-their footsteps to the door.

Matt Friedman:

Analysts say the economic downturn may have a long-term impact. They say retailers may also confront problems trying to raise prices once the economy improves as consumers accustomed to deep discounts balk at buying items at regular prices.

Matt Friedman:

Matt Friedman, The Associated Press.

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