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Shopping trends reveal income gap



RICK BOWMER / The Associated Press

Recent earnings reports from stores show the affluent finally are being enticed to spend, buying designer clothes at places like Nordstrom.

Rich open wallets, others pinch pennies

By Emily Fredrix
THE ASSOCIATED PRESS

American shoppers are splitting again: The affluent are finally starting to buy, picking up designer clothes at places like Nordstrom, while those on the lower economic rungs are still scrimping by, heading to Wal-Mart for the basics.

Recent earnings reports from major retailers suggest that the wealthy, who pulled back their spending the hardest during the financial meltdown last fall, are once again being enticed to open their wallets and going back to higher-end outlets.

"It's a good sign, but we don't see the same across the board," said Richard Hastings, a consumer strategist with Global Hunter Securities LLC.

It's still a far cry from the era of conspicuous consumption. No matter the tax bracket, people are still focused on value and trying to avoid overspending.

Luxury chains like Nordstrom Inc. and Bloomingdale's, owned by Macy's Inc., say shoppers are spending again on items like shoes and dresses, but still shopping for lower prices and classic pieces that get a lot of use.

On the other hand, discounters like Wal-Mart Stores Inc. are lowering prices even further to coax their less-well-off shoppers to keep spending. And it's not on anything glamorous. We're talking basics.

Think of it as two different groups as the economy recovers — spenders and savers.



MATT ROURKE / AP

Cash-strapped middle-class shoppers continue to seek out basics at stores like Wal-Mart.