THE RETAIL DISTRIBUTION OF ANTIQUE FURNITURE
IN THE DALLAS, TEXAS, METROPOLITAN AREA:
AN EXPLORATORY STUDY

DISSERTATION

Presented to the Graduate Council of the
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By

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The general purpose of the study was to determine, analyze, and evaluate the basic nature of the distribution processes involved in the marketing of antique furniture in Dallas, Texas. The study utilizes the marketing mix components as a framework for understanding the nature of the industry. Various aspects of the channels of distribution and physical distribution, the products themselves, pricing mechanisms, and the promotion methods, as well as the market itself and distribution problems, were examined. The primary data were gathered from 29 retail antiques dealers in the Dallas metropolitan area.

Three subject areas and pertinent components of each were utilized to gain a better understanding of the antiques industry in Dallas. The subject areas of (1) the composition of the industry, (2) the demographic characteristics of the market, and (3) the marketing mix elements served as the bases for data collection and presentation of the study findings.

A review of the pertinent literature concerning various marketing facets of antique furniture is presented in Chapter II. Chapter III contains an explanation of the
research methodology and the presentation and analysis of the first three parts of primary data. Chapter IV is a continuation of the data presentation and analyses, and it focuses on information pertaining to the four marketing mix elements as managed by the Dallas retailers. Chapter V consists of a summary of the study, 27 conclusions from the analyzed data, and 15 recommendations for the industry members.
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The antique furniture industry is both unusual and interesting. There are several reasons why the industry can be characterized as unusual. These reasons, in turn, make the industry interesting for study.

Antiques, by definition, are not newly produced goods. Although antiques often require certain forms of repair work in their normal channel(s) of distribution, a manufacturing process does not exist. Instead, antiques are traded or exchanged by one owner to another. The industry is one of the few remaining in which an auction process of exchange not only exists, but plays a major role in trading and price determination.

Another unusual aspect of the industry is the relationship that exists between the supply and demand for antiques. Because no manufacturing process exists, the quantity of antiques in existence during any limited time period cannot be increased, although the quantity offered for sale can fluctuate. Limits may exist on the demand side also, such as the amount of furniture that a purchaser's home can accommodate and the level of consumer interest in antiques during a given time period.
The relatively fixed supply characteristic of antique furniture tends to contribute to value appreciation as opposed to that of contemporary furniture. Indeed, the appreciation feature of antiques may be a major motive for buying the pieces. Antiques may be purchased to help combat inflation. Over the past few decades, antiques have proved to be suitable for that intended purpose.

Background and Significance of the Study

The antique industry, broadly defined, is big business. During 1978, for example, the industry generated an estimated $5 billion in sales, a 20 per cent increase over the previous year (Nation's Business, August, 1979). No decline in this business activity was expected during the near future.

Given the unusual nature of antique furniture and the size and composition of the industry, one would expect that extensive, in-depth scientific study would have been conducted to explore the various aspects of antiques distribution. Such is not the case, however.

Meaningful statistics pertaining to the institutional composition of the antiques industry are unavailable. The following industry profile is reflective of the extent of knowledge about the industry.

The antiques industry's institutional structure has been described as (consisting of) auction houses, estate
sales, and thousands of mostly small retailers who purport to deal in "antiques" of all types and price ranges. The industry is very loosely organized and is composed of thousands of usually small budget operators who often established their businesses either out of curiosity or because of a hobby. Many people operate their antique businesses on a part-time basis (Nation's Business, August, 1979 and Richard H. Rush, Antiques As An Investment, 1969, see especially Chapter 27).

The antique furniture industry represents a major portion of the total antiques industry which, in turn, is a part of the larger used products industry. For example, the distribution of antique automobiles is a small portion of the overall used auto industry. Similarly, some styles or fashions of clothing are considered to be antique, but other styles and fashions are more accurately described as "used" or "secondhand." Whether or not a product is classified as antique determines how it is marketed and determines the appeal the product has to particular market segments.

The demand for used products has expanded rapidly during the last decade, particularly because of the emphasis on energy and other raw materials conservation and inflation. If growth continues to occur in the total used products industry, the smaller antiques industry may also expand.
The scope and magnitude of the antique furniture industry justifies exploration of the nature of marketing practices employed by the industry. An industry exploratory study was considered to be of significant value, especially in view of the lack of published information available and the many misconceptions that exist about the marketing of antique furniture.

Purpose of the Study

The general purpose of the study was to determine, analyze, and evaluate the basic nature of the distribution processes employed by members of the antique furniture industry. Because of the various constraints, it was necessary to confine the study to a limited geographic area. The Dallas metropolitan area was selected because of its accessibility and the prevalence of antiques distribution. The study focused on the nature of the marketing mix components as employed by antiques dealers. Various aspects of the channels of distribution, the products themselves, pricing mechanisms, and the promotion methods, as well as the market itself and distribution problems, were examined. The marketing mix provided the basic framework for analyzing the nature of the industry. Conclusions based on the research findings and recommendations for possible marketing practice improvements were developed and presented.
Exploratory Subject Areas

The following subject areas and pertinent components of each were utilized to gain a better understanding of the antiques industry in Dallas. The subject areas of (1) the composition of the industry, (2) the demographic characteristics of the market, and (3) the marketing mix elements served as the bases for data collection and presentation of the study findings. More specifically, the subject areas included:

I. The Composition of the Industry

Size of the antique furniture industry in Dallas--number and types of firms involved at the retail level of distribution and the number of employees
Entry requirements, such as initial capital outlay
Any trends evident in the above categories

II. The Demographic Characteristics of the Market

The major demographic characteristics of the typical antique furniture buyer in Dallas
Trends evident in the demographics of the market

III. The Marketing Mix Elements

A. Distribution (Placement) of Antique Furniture

1. Channels or pathways to the market

The major sources of supply for retail establishments
Sales and purchases forecasting process
The extent of importing and exporting through Dallas
2. Physical distribution
   Predominant transportation modes
   Delivery arrangements provided for customers

B. Pricing Decisions and Policies
   Basic determinants of furniture prices
   Pricing practices, such as profit margin, negotiation, barter, and delivery fees
   The general appreciation in the value of antique furniture

C. Characteristics of the Products
   Definition of antique furniture
   Problems stemming from product definition and identification, such as authenticity and misrepresentation of the pieces
   Efforts to curb misrepresentation in Dallas

D. Promotion Policies of the Dealers
   Advertising media used
   Degree of customer knowledge about the product class
   Utilization of sales personnel
   The dealers' level of awareness concerning their competitive advantages offered to the market

These subject areas served as the bases for data collection and comprise the framework for presenting the findings and conclusions of the study.
Methodology

A survey of available relevant literature was conducted. It was found that most books and articles on the subject of antiques either addressed their maintenance and/or repair, specific products, or discussed their suitability as investments. These subject areas were outside the scope of this study. A better understanding of the marketing aspects of antique furniture will add an important dimension to the body of knowledge about antiques.

A primary data base was the major source of information for this study. The specific sources of information were

1. Personal interviews with owners and/or managers of twenty-nine retail antique stores in the Dallas metropolitan area;
2. Trade associations, such as the National Association of Dealers in Antiques, Inc. (Because many trade organizations gather statistical information for their members about product and market trends, for example, these sources were used to obtain data relevant to the research.)
The sample of antiques dealers was systematically selected from the 1979 Dallas Yellow Pages telephone directory. The original sample consisted of forty-two retail antiques dealers selected from businesses listed under the main heading of "Antiques," sub-heading "Antiques-Dealers." Certain of the listed businesses were not suitable for inclusion in the universe. Dealers advertised as "wholesale only," those which clearly did not deal in antique furniture, or outlets which were located outside the Dallas metropolitan area were dropped from the universe. The final listing included dealers located in the Dallas trading area—not just those located within the Dallas city limits. This expanded the geographic boundaries of the study and permitted a more relevant sample base.

Because of the high business mortality rate prevalent in the retail antiques business and the number of dealers who refused to be interviewed, a sample of twenty-nine retailers, or approximately 25 per cent of the universe provided the primary data for the study.

The Dallas trading area was chosen for two reasons. This area provided a relatively large universe from which to sample, and it helped to limit the study geographically so as to reduce data collection cost and time expenditures.
Only retail dealers who sold antique furniture were included in the sample. These retail dealers act as the link between the industry and the market; therefore, the dealers possessed insights about both the industry and the market.

The questionnaire was written in language commonly used in the antiques industry to facilitate communication with respondents and to increase the accuracy of responses provided. The questionnaire was pretested in a pilot study to assess its clarity of communication. The research instrument was constructed by use of the unstructured and structured format so as to allow some probing by the interviewer and to facilitate the objectives of this particular study. (See Appendix for the completed questionnaire.)

Delimitations

The parameters of the study are as follows.

1. The study was limited to antique furniture as a product category, e.g., dining tables, lamp tables, commodes, wardrobes, chairs. Other antique art objects, such as paintings, carpets, silverware, lamps, and china normally not considered to be furniture were excluded.

2. The study was primarily based on information gathered from antique furniture dealers (retailers),
who do most of their business by selling to ultimate consumers. Because information pertaining to ultimate consumers was sought and because wholesalers normally do not sell to these consumers, only dealers who sell at retail were included in the study.

3. The sample, as far as possible, included only those retailers who market "true" antique furniture, i.e., furniture that is dated around the "turn of the century" or before, and is generally considered "antique" by the industry.

4. The study involved antique furniture dealers in the Dallas metropolitan area only and not dealers located outside this geographic area. The Dallas area was chosen so as to limit the geographic scope of the study and because it provided a relatively large number of antiques dealers from which to sample.

Relevant Definitions

1. Antique furniture - For the purpose of this study, the term antique furniture is defined as those pieces that were manufactured eighty years ago or longer. However, the number of
years (80), is not that definite because many times the date of the furniture will be quoted as "turn of the century." In some cases the requirement of exactly eighty years or more is not strictly adhered to within the industry.

Because there is no precise definition of the term *furniture*, for the purpose of this study, it includes those pieces (products) generally considered necessary to furnish a household. Examples of such articles include tables and chairs, lamp tables, sofas, commodes, beds, bookcases, wardrobes, and wash stands. Not included are such antique objects as lamps, paintings, carpets, and silverware.

2. "Turn of the Century" - This is a term generally used in the industry to mean around 1900 as the date of manufacture. One problem of precisely defining an antique lies in the difficulty of actually establishing the date of manufacture.

3. Antiques retailers - These are business establishments that mainly cater to the ultimate consumer, i.e., more than 50 per cent of their dollar sales are generated from ultimate consumers. The business
is conducted at a fixed retail outlet, and retail sales taxes are paid. The retailers are also referred to as "dealers" in the trade. Throughout the paper, the terms "retailer" and "dealer" will be used interchangeably.

Organization of the Study

A review of the pertinent literature concerning various marketing facets of antique furniture is presented in Chapter 2. This review was derived from relevant books and from articles in both general and business periodicals. Unfortunately, both information sources were quite limited.

Chapter 3 contains an explanation of the research methodology and the presentation and analyses of the primary data. Information concerning the survey respondents, the Dallas antique furniture industry, and the market for antique furniture is included.

Chapter 4 is a continuation of the data presentation and analyses. This chapter focuses on information pertaining to the four marketing mix elements (distribution, products, pricing, and promotion) as managed by the Dallas antique furniture dealers.

Chapter 5 consists of a summary of the study and conclusions derived from the analyzed data. Conclusions are presented along with insightful information to the exploratory subject areas posted in Chapter 1. Recommendations
for improved marketing practices by the industry are also included in this final chapter.
CHAPTER II

REVIEW OF THE LITERATURE

Introduction

The purpose of this chapter is to familiarize the reader with the current state-of-the-art of the antiques business. Various facets of antiques marketing in general and antique furniture distribution in particular are explored. The chapter is presented in three segments, each of which represents a major subject area into which the current literature is logically grouped.

Segment I addresses the question of a proper definition for antique furniture. Definition of the product is very important in this industry because it helps to determine whether or not a product will be exchanged and the price and value realized from that exchange. Included in this definitional segment is a review of the literature pertaining to fakes and antique reproductions, and why their existence is prevalent and even desirable in some instances.

Segment II addresses the interesting subject of the suitability of antiques as investments. This segment summarizes the body of written material which attempts to describe how and/or why to wisely use antiques in an individual's personal financial portfolio alongside more usual investments, such as stocks and bonds.
Segment III describes various marketing principles and methods generally utilized in the distribution of antiques, with the major focus devoted to antique furniture offered for sale by retailers. The areas of store location, sources of supply, pricing, and appraisal of pieces are examined.

Segment I

Definition and Description of the Product

The correct and exact description of antiques is of utmost importance in the business of trading antiques because it is the major determinant of the product's value and the subsequent price realized in an exchange situation. One criterion to be met before an exchange can occur is simply whether a piece is an authentic antique, and this, of course, depends on the definition of antique. This determination of authenticity is very difficult; hence a large amount of literature is devoted to the subject.

By far the largest body of current literature about the subject of antiques pertains to defining and describing particular products. The amount of time and effort spent on the definitions and descriptions of product groups of classes is one aspect of the antiques industry that makes it distinct among industries in today's market place. Perhaps no other industry's literature concerns itself so much with the description of its products. Why this is true, and why it is
important, stems from the products' unique characteristics. Despite the large amount of product information that is generated, antique experts, business people, and ultimate consumers remain very much in disagreement as to the exact definitions of the products being discussed or traded in the market.

**Legal Definitions**

Richard H. Rush, a recognized authority in the field of antiques investing, used the definition of antiques as issued by the Office of Price Administration of World War II. This regulation was published on November 11, 1944 and still is widely used in the industry as a source for a working definition. The regulation enumerates four criteria that must be met for a piece to be considered antique.

These criteria are

(1) . . . old objects such as furniture, tableware, household articles, etc. (if an article is less than 75 years old it will ordinarily not be considered an antique within the meaning of this exemption); which (2) tend to increase rather than decrease in value because of age; which (3) are purchased primarily because of their authenticity, age, rarity, style, etc., rather than for utility; and which (4) are commonly known and dealt in as antiques by the trade (23, p. 5, numerals added by the author).

Rush noted that the "... cutoff year is of course very liberal" (23, p. 5).

This definition, as issued by one agency of the federal government, was, and still is, at odds with the
definition of antiques as used by another agency, the U. S. Customs Bureau. This agency, at first, used 1830 as the cutoff date for a piece of antique furniture. Since 1966, however, the Customs Bureau has considered 100 years to be the cutoff date for import duty purposes. It is important for tourists and importers to correctly classify their goods because antiques, as defined by the federal government, can be imported into the United States duty-free. One may note that this newer definition is still in disagreement with the definition as given in 1944 (23, p. 4-5).

The duty-free advantage enjoyed today by antiques importers and tourists was first established in 1906 by the passage of the Morgan Act. This act was passed primarily because J. Pierpont Morgan wanted to import his enormous antique and art object collection duty-free. In fact, the New York Times of April 29, 1937 stated that this act "... established the antique industry in this country" (23, p. 5). In the 1906 act, 100 years of age was one criterion used in establishing the authenticity of antiques, and this number is still widely adhered to in today's market.

**Working Definitions**

As a practical consideration and to meet the needs of the current market place, many authors take issue with the federal government's definition of antiques. Writers who research antiques try to put the age criterion in
perspective by stating, essentially, that age is only one criterion, and not always the most important one, when identifying an antique. Ann Kilborn Cole, for example, succinctly states, "Age, however, is only one distinction of an antique. Many more things enter into the definition: its origin, maker, quality—and often its beauty" (7, p. 18).

George Grotz agreed with Cole, but more severely criticized the legal definitions because they use a certain number of years as a major criterion; indeed, the deciding factor in designating a piece as antique. For example, if one used the legal definition of 100 years as the cutoff date, one would be forced to agree that there are no antique automobiles in existence. Neither would there be any World War I paraphernalia classified as antique. These examples illustrate that the legal definitions are not sufficient or particularly useful for the realities of the current antiques market situation. Grotz was much more liberal in his definition when he stated that an antique is "... almost anything that reminds us of the past, of our forefathers, and of the roots of our current culture" (11, p. 4). He qualified this definition by stating that age, or just the passage of time, does not by itself make an object antique; instead, the necessary ingredient is "... changes over a period of time in the way man lives" (11, p. 8). And further, "An antique is not something
made before a certain date but something out of the past that reminds us of a way of life that was different from our own" (11, p. 9).

The Importance of Product Definition

In support of Grotz's argument that antiques act as a reminder of a past culture, Charles H. Haywood has suggested that sentimental value, a link with the past and a witness to history, are reasons why old furniture has become popular in recent years. Haywood also noted that old furniture pieces have increased in demand because there is a current reaction against machine-made objects and an increased admiration of hand-made articles (13, pp. 11-16). Many antique objects were hand-made by craftsmen of a bygone era, and this may add glamor to the product which ultimately translates into increased value. In the investment segment of this chapter the value of antiques is discussed more fully.

What can only be described as a plethora of information is available for the interested reader on the subject of antiques descriptions. There are published materials about so many groupings and sub-groupings of antiques that the development of an exhaustive listing would be practically impossible and would be of dubious value for the purpose of this chapter. The books and articles that deal with
selected marketing facets of the antiques business also devote space to describing types, styles, and classifications of particular pieces. Most books on the subject of antiques are product specific so that one can easily locate materials compatible with one's interests. These volumes are very useful as sources of information for owners as well as for business people who deal in the pieces. For example, books are available that describe, in detail, antique glass pieces or Victorian furniture. Comprehensive volumes that trace furniture pieces and their history over many decades are also published. One example is Three Centuries of American Antiques, authored and edited by Marshall B. Davidson, Bonanza Books, publisher. In large editions of this type, the history and detailed drawings and photographs of the pieces are included. Many are encyclopedic in format and comprehensiveness. Examples include The Complete Color Encyclopedia of Antiques and The Concise Encyclopedia of American Antiques (22, p.8).

The descriptive literature is very useful to any person entering the antiques business because product knowledge is of utmost importance. If a generalization could be offered in this industry, it would pertain to the necessity of having product knowledge for business survival. The successful antiques dealers regularly read about antiques, study the antiques of interest to them, and search the
numerous domestic and international markets to obtain greater and more thorough product knowledge. Put simply, people involved in the antiques industry are confronted with the challenge of understanding exactly what products to buy for profitable sales. The difficulty arises from the nature of their endeavor. Buyers are dealing with products from the past, and the older the object the more difficult to trace its history. Because of this difficult task, a large antiques information support industry has evolved.

The Production of Antiques

Another smaller, but not always supportive, industry has evolved because of the huge demand for antique furniture. This thriving industry produces or manufactures "antiques." Surprisingly, however, the production of fake or reproduction pieces is not always unwelcome by some dealers.

Most manufacturers of reproductions are small operators that essentially misrepresent their products as authentic pieces, and covertly sell them to either naive ultimate consumers, amateur dealers, or outright dishonest sellers. But there is at least one very large manufacturer operating in Orleans, France that openly produces and markets reproductions of original antiques. According to Felix Kessler, "He publishes glossy catalogs, runs a $7.5 million-a-year business, employs 150 skilled workers and
adheres to rigid production schedules at his factory. The Mailfert Amos company is one of Europe's biggest makers of fake antiques" (15, p. 1).

It must be emphasized that the "production" of antiques is not always an undesirable or secretive business. There is an appreciably large market segment for reproduced furniture and other pieces. The reason for the existence of this market segment is very sound from an economic point of view. Original pieces generally are in short supply, which raises the price level and reduces the number of customers who are able and willing to pay the higher prices. To a large segment of ultimate consumers, and therefore to dealers who sell them, reproduced or "new antiques" are the perfect alternative. The manufactured pieces look like the originals. Thanks to the innovativeness of the skilled workers and current production techniques employed at companies such as Mailfert Amos, the supply of reproductions can be increased and many times, but not always, the prices are lower. Many ultimate consumers do not really care that a particular piece is an original antique with all the historical trappings. Instead, just the appearance of an authentic piece is enough reason to purchase the product. In short, there is a perfectly legitimate market segment for reproduced antique furniture and other pieces. It is the other, illegitimate, dishonest, underground operations dealing in fakes that create a problem in the antiques business (18, pp. 4-5).
The point that there is a difference between a fake and a reproduction must be clearly understood. Ruth Webb Lee stated, "A reproduction becomes a fake only when it is sold as a genuine antique"(18, p. 6). Essentially, the actions of the seller determine whether a manufactured "antique" is sold as a fake or as a reproduction. Manufactured pieces exist on the market because of the supply and demand for authentic pieces. Lee explained the economics of fake antiques, "The rise in demand (for antiques) necessarily led to a corresponding rise in prices and a high level of values in turn make fraud profitable." Also, the "... supply (of genuine antiques) grows scantier"(18, p. 3). Grotz expressed the same thought when he warned that fakery is most prevalent where supply is short, and demand is high. When the price is high, the profit possibility is very good; hence, producers of fake pieces enter the market (11, p. 41).

The basic difference between a fake piece and reproduction is fraud. For fraud to exist, intent to fraud must be proved. Fortunately, in the antiques business, there are very few fraudulent dealers because of the nature of the industry. Honesty is of paramount importance for business survival and success. Lee lists three general classes of antiques dealers: 1) Reputable and well informed, 2) Ignorant, and 3) Dishonest (18, p. 5). The first two categories are of less concern because neither is in business to defraud the public by selling fake pieces.
Even the well informed and reputable dealer can, on occasion, slip into the second category, especially because the producers of "antiques" are very good at their job. It is the third, dishonest dealer, who can harm the image of many reputable retailers. In an industry in which the image and the reputation of truthfulness enormously impact the consumers of the products, one dishonest dealer can hurt many honest ones. For this reason, industry and individual dealer actions to combat the selling of fakes have been instituted (18, p. 5).

The efforts take many forms, such as books and articles on how to spot fake pieces, trade club memberships, dealer guarantees of product genuineness, and more individualized retailer actions.

To combat the selling of spurious pieces, a number of dealers about the country have set up exhibits of fakes in their shops. No more effective way to inspire confidence can be devised than to show customers the differences between the old and the new (18, p. viii).

A permanent cure to the marketing of fraudulent pieces lies in more education on the part of the buyers and amateur dealers (18, p. 5).

To aid in educating dealers and consumers alike in the area of fake antique pieces, many books and articles have been written. As mentioned earlier, much of the literature available about antiques concerns the accurate and detailed descriptions of particular pieces. A by-product of explaining what antiques are is describing what they are not, so
in an indirect way, the descriptive books aid in the de-
tection of fake antique pieces. There is also book and
periodical information available which is intended to more
directly combat the problem of fake antiques distribution.
Ruth Webb Lee, author of *Antique Fakes and Reproductions*,

stated that the "object of this book is to illustrate many
of the reproductions now flooding the market and to point
out the differences or variations between new and old."

It was written to "... help buyers ... find it easier
to detect at least some of the frauds that are daily offer-
ed for sale to buyers of antiques"(18, pp. 5-6).

Throughout the text she explained how fakes are manufactured
and distributed, and how dealers and consumers can recognize
the tricks used. Photographs and drawings were utilized to
illustrate her points.

Charles H. Haywood, author of *Antique or Fake*, took a
useful, although somewhat different, approach in explaining
how to detect fake antique furniture. Haywood suggested
that one consider if the construction of the furniture
piece is true to the period. If not, then the piece could
be fake. His evolutionary approach emphasized that the way
furniture is made varies over time as new skills, tools,
and methods come in and out of vogue and practicality.
Haywood explained,
What was possible at one period may have been quite impractical at another. Men's skills. . . tools and appliances they had, the timbers available, the invention of introduction of special processes, and the dividing up of the trade of woodworking into specialized branches. . . all had their effect on the type and quality of furniture being made (13, p. 7).

Haywood used a very logical approach, postulating that sometimes a fake could be detected because it was either impossible or impractical for the item to have been made in the period claimed. For instance, perhaps the timber used in a table was impractical to obtain or the joints used to combine two pieces of wood were not used by cabinet makers at the time. He explains further, "... the understanding of construction is a tremendous help in realizing how it came about that a certain type of furniture was made at a particular period" (13, p. 7). Photos and drawings illustrate his text material.

The importance of the fake pieces problem to the antiques industry can be deduced by even a cursory scan of the literature. Most books even remotely devoted to antiques address the subject in some form. George Grotz included a list of the "commonest frauds" in one chapter, and wisely advised consumers to trade with the older established dealers because they are the most reputable and knowledgeable (11, Chapter VI). Richard Rush addressed the subject of fakes because authenticity of a piece definitely affects its value as an investment.
(23, Chapter 29). He echoed other authors by emphasizing that if reproductions are good enough to trick the experts, an amateur buyer or seller will surely be fooled. Rush also listed several warning signs that may be useful in the detection of fakes by consumers or dealers. Illustrations were included in his book to describe significant points from the text.

In addition to reference materials and documents, there are day-to-day concerted efforts by members of the industry to educate concerned parties about fake pieces. For example, trade associations such as the National Association of Dealers in Antiques, Inc. (NADA) have been formed to promote honesty and integrity in the antiques business. Two of the aims of the NADA are to (1) "... protect all collectors and buyers from unethical business practices," and to (2) "... encourage integrity and honesty in all business dealings. . ."(20). Included in the Association's Code of Ethics is the agreement that, "Personnel in the member shops will not knowingly misrepresent any item held for sale as to condition, age or authenticity"(20). The distribution of fake antique furniture is clearly a problem in the industry, but it is also evident that individual as well as group actions are in force to help solve the problem.
Antiques as an Investment

One motivation for the purchase of antique furniture is the anticipation of appreciation in resale value. Whenever the value of an article is considered, whether it be antique, a bond, or a common stock, general market conditions and the interaction between supply and demand are important variables. Currently, the overall demand for antique furniture is strong, supply is limited, and values are rising; however, this statement is too broad to clearly express the complexities of the antiques market.

Antiques buyers generally accept the premise that all antiques are a good investment. This premise is not always true, just as it is a fallacy that all stocks and all bonds are good investments. Prospective investors should carefully study the particular market conditions for their potential investment alternative in order to make an informed decision.

Antique furniture, as an investment, differs from stocks and bonds in several important respects. The first difference lies in the motivation behind the consumer's purchase. An antique may be purchased primarily for utilitarian purposes. A set of antique chairs may be purchased to use around a table in either a consumer's home or be used for the same purpose in a restaurant by
an industrial buyer. The investment feature of the chairs in this example could be a secondary motivation for purchase. Stocks and bonds are acquired primarily for their investment possibilities.

Second, in order for an investment instrument to be attractive, the buyer must be assured that he can sell it rather conveniently. An ultimate consumer may have difficulty selling an antique piece of furniture. If the auction process is considered a feasible alternative for selling antiques, the process is still a slower method than selling financial instruments. Moreover, the chances of making a profit are not guaranteed. Most stocks and bonds are traded through organized exchanges that operate on a regular and continuing basis. Consequently, it is a relatively easy process to sell a particular stock in a short period of time. If one cannot sell the stock at a profit, at least the shares can be sold quickly so as to minimize losses.

If an individual chooses to bypass the auction process and sell directly to an antique dealer, the price received by the seller may be less than expected. A dealer will normally pay an individual one-third of the anticipated resale price (11, p. 59). The antique owner may receive the current retail price only if he sells the table to another individual. Here again, the process may be slow
and may still result in a lesser price than anticipated. Because the market mechanism for antique trading is not formal or particularly well organized, current prices for antique pieces are not well known by many owners. Ultimate consumers may place sentimental values on their antiques that are not reflected in market prices.

Third, antiques offer no immediate cash return feature like dividends on stock or interest on bonds. Generally, however, antique furniture does appreciate in value over a period of time. The appreciation aspect of antique furniture is similar in nature to the capital appreciation of some common stocks or real estate, in that the assets must be held for a period of time in order for the value to appreciate.

Fourth, potential investors in antiques should consider the carrying costs of their assets. Antique furniture must be stored, moved, packed and unpacked, repaired, and insured. These costs are necessarily incurred because of the nature and use of the product. Very little, if any, carrying costs accrue to owners of financial instruments (23, p. 7).

George Grotz also compared antiques to corporate stock while, at the same time, explained why some buyers would prefer antiques: "... antiques are far more secure than stocks, for each era or generation of them is in absolute limited supply" (11, p. 61). Grotz claimed
that there is no object classed as antique that does not rise at least as fast as the value of a government bond. A word of caution must be injected here to qualify the notion of an overall appreciation of value. There are variations in the rate of appreciation experienced among different styles and groups of antiques (11, p. 61). Simply stated, some groups or classes of antiques appreciate in value faster than others. In this respect, antiques are similar to corporate stocks, bonds, real estate, and other investments a person may choose.

There is an infinite number of antiques categories depending on the classification criteria employed. Richard Rush has divided antique furniture into two large classes based on the nature of the pieces themselves and their price ranges. One classification consists of the elegant pieces. These antique furniture pieces are museum or near-museum quality.

They are bought by very knowledgeable buyers (those who know both quality and values). These buyers want the best; they will wait for the best, and they will pay high market prices for the quality they are buying (23, p. 520).

This category of antiques is sometimes referred to as the "high end" of the market, and prices for such antiques usually increase in an orderly and gradual fashion.
"Low end" antiques are affordable by a greater number of individuals and are often purchased for use in the home. Consequently, general demand tends to be strong, and the percentage price rise may be more than for the "high end" category. Inexperienced antiques buyers usually enter and leave the market at the "low end," so the prices tend to be more volatile than for more expensive pieces.

**An Antique's Value**

In any discussion of price the concept of value must be addressed. Buyers and sellers of antiques are very concerned with the value of the antiques they hold or wish to trade because the value of an item is critical to its investment quality. Rush placed in perspective the relationship between the value and the price of an antique:

The value of an antique is not an absolute thing, unalterable and time-enduring. As of today, it has a certain value, but that value changes with time. It is not a static thing determinable by static standards. There are, however, certain determinants of value for any antique. They can be applied at any time, in the year 1901 or in the year 2000, but their application would of necessity produce a far different dollars-and-cents figure in 1901 than in 1967 or in 2000 (23, p. 471).

Rush listed thirteen major determinants of an antique's value. A person buying or selling antiques must realize that these determinants will be applied differently depending on criteria such as the particular antique, the general and
specific nature of the market segment, the geographical location of the market, and general economic conditions. The value determinants and a short explanation of each are stated below.

1. The style.--The demand for particular styles will vary similar to fads and fashions in other product categories. Louis XV is an example of an antique style.

2. Particular items that are in a style.--In keeping with the preceding context, a Louis XV chair is a piece or item within a style.

3. Importance of the maker.--If the artisan's name is important, and the name is stamped on the piece, the price can double.

4. Size.--Generally speaking, smaller pieces command higher relative prices because more can be fitted into the smaller houses and apartments of today. There is not as much demand for large pieces.

5. Conformance to certain characteristics considered desirable.--The type of legs and feet on a chair or the design and construction of a table are examples.

6. Elaborateness.--Usually the more elaborate or more finely carved a piece is, the higher the price.

7. What is considered beauty.--Beauty may not be "in the eye of the beholder." According to Rush, a person should learn what is considered beautiful by recognized experts in a particular field.
8. **Comfort.**--Many elegant antiques were originally made to be comfortable. This feature added to their value. Also, in today's market, consumers buy antiques to use them for this intended purpose. A restaurant owner may choose one set of chairs over another, and pay a higher price, because of the comfort feature.

9. **Provenance.**--The background, origin, and/or the former owners tend to give an antique piece "... a kind of certificate of authenticity as well as excellence. ..." (23, p. 477). This "certificate" may add to an antique's value.

10. **Historic aristocratic connections.**--As opposed to the previous determinant, the historical connection does not signify ownership. A certain table could have been used by an important historical figure, such as George Washington. Or a particular piece could have been passed down through several generations of a royal family and thereby have greater value.

11. **Original condition.**--Rush stated that probably this criterion is "... the most important single element in determining the value of an antique ..." (23, p. 477). Many antiques are over 150 years old, so what is left of the original condition is very important in determining present worth. Antiques can be altered in many ways. Such alterations change the original condition, and generally lower the value (23, p. 478).
12. Rarity.--Rush contends that the rarity of an item is not sufficient within itself to add value to a piece. The rarity, in order to add value, must be rarity of an excellent item, and an excellent item long recognized by the market as a valuable item, one that is wanted by collectors as well as other members of the buying public. Only then does rarity add to the value"(23, p. 480).

13. High public price. When a buyer pays a high price for an antique, especially at a public auction, many other people at the auction want to know who bought the piece. The fact that the buyer and the price paid are known to the public adds prestige to the purchaser. This phenomenon tends to raise the price on certain pieces sold at public auctions. Probably the price would not be as high if the same piece had been sold privately.

A more succinct explanation as to why antiques generally appreciate in value was given by T. C. Morrow, a Houston collector: "Some of the fine pieces might take three to ten years to finish. You'll never again see any artisan spend the time needed to make things like these (antiques). To the best of my knowledge the skills required no longer exist"(9, p. 33). Morrow's insight helps explain the basic nature of the antiques market. Supply is very limited, demand is strong, so in general, the prices continue to increase. Prices for individual pieces in specialized markets vary depending on many of the value determinants as presented by Rush.
The Industrial Market for Antique Furniture

The investment potential for antique furniture has been recognized and exploited by a market segment other than the ultimate consumer. The demand for antiques by industrial buyers has contributed to price increases. Restaurant owners, for example, have been buying antique furniture fixtures. At the same time, the owners hedge against inflation through capital appreciation of the antiques. "Restauranteurs across the country are discovering that antique-filled dining rooms not only attract patrons, they also generate a gratifying capital gain--to the point where some restaurants are making almost as much money trading in antiques as they are selling food" (5, p. 132). The reason for the capital appreciation is the same in this market segment as in the ultimate consumer segment. To quote a restaurant owner, "The value of antiques is increasing far faster than the inflation rate. It's evident that period decor, which began as a gesture to nostalgic vogues, is now a big part of the profit factor in the restaurant business" (5, p. 132).

The resale price of furniture and other fixtures in the restaurant business can be very important if a restaurant must close or remodel its interior. Antique fixtures can either relieve some of the operating losses or can actually produce a gain. A restaurant entrepreneur
attest to this phenomenon: "It used to be that . . . you'd receive 20 cents on the dollar for furniture and fixtures. But today we find our decor appreciation as high as 400 percent when we come to sell (5, p. 132.)

Segment III

Distribution of Antique Furniture

"Money is made by moving antiques from one place to another" (11, p. 17). This quote summarizes the essence of distributing antique furniture. By definition antiques are no longer manufactured, so no form utility, in the economic sense of manufacturing, occurs. Any form utility provided could more accurately be labelled re-form utility if one considers repairs or refinishing work that is performed to restore particular pieces. Essentially, then, antique furniture distribution has developed from the movement and trading of antique pieces from one owner to another, from seller to buyer, not from a manufacturer to one or several middlemen to a final buyer. An elaborate, sometimes secretive, and many times confusing distribution network has evolved to transfer antique furniture from one person to another for profit. The purpose of this segment is to use current literature to explain the role played by antique furniture retailers in the overall distribution of antiques. The areas of store location, sources of supply, pricing, and product appraisal are covered.
**Sources of Supply**

Antique furniture dealers, like most retailers, must accumulate an inventory to meet customer demand. Since supply is inelastic, it is critical for dealers to become familiar with potential sources of supply. Retailers may procure antiques from a wide variety of middlemen, but in many cases, the sources used by a dealer are a guarded secret. This specific supply information is very important to the competitive success of a retailer's business (21, p. 9). Antiques must be located and purchased at a price which will permit their resale at a reasonable profit. Much of a typical antiques dealer's time is spent in searching for items of inventory which will please his particular clientele.

A novice in the antiques business might expect the auction to be a major source of supply for retail buyers. But while antique furniture auctions are somewhat important in the overall distribution of antique furniture, they are not a particularly important source of inventory for retailers. In a study conducted by Rush, it was found that merchandise from auctions (local and large city auctions in the United States) accounted for only 8 percent of the inventory held by the dealers surveyed (23, p. 467). An interesting statistic, and one that points out an unusual aspect of the antiques business, is that 17 percent of the
dealers' inventories was purchased from other dealers. The movement of inventory from one retailer to another is a very common phenomenon in the distribution of antique furniture. (According to Stanton, the transaction just described would be considered a wholesale sale (26, p. 338). Fifteen percent of the retailers' inventories originated from estate sales, sales conducted because the former owner had died or moved.

Other sources of antique furniture include individual owners who contact dealers for the purpose of selling pieces. Often these individuals are moving to smaller houses and need to sell some furniture. Antiques wholesalers are another source of supply. A small percentage (1 or 1 percent) of inventory held by dealers is comprised of merchandise on consignment either from individuals or from other dealers. These pieces, though not owned by the retailer, are sold by him for a commission percentage of the sale price.

**Geographic Supply Source**

Geographically, most antique furniture sold in Texas is acquired in the New England states. According to Grotz, 90 per cent of the antiques sold in Texas are imported from New England by motor carrier. The transportation costs necessarily incurred add to the value and prices of the pieces (11, p. viii). The movement of furniture
from one place to another helps account for price differentials on similar pieces in different parts of the country. "Prices are as much as three times higher in California, where the furniture has been shipped in truckloads to meet the demand for it on the West Coast (27, p. 109). In some instances, high transportation costs can cause prices to be prohibitively high. For example, "New Orleans is virtually the only place you will find 'Louisiana French' furniture because of the expense of shipping the heavy pieces north" (27, p. 110).

Antique furniture is more abundant on the East Coast and in the New England states simply because most of it was made in this older section of the United States. Since the Western states comprise the younger areas of the country, the older furniture must be shipped into these areas. Many of the dealers in the Western states make frequent visits to New England to search for suppliers. The current population shift from the Northeastern states to the Sunbelt states is contributing to an increase in the supply of antiques on the market. Many dealers are known to travel to depressed areas in search of antiques with which to replenish inventories (11, pp. 14-16).
Grotz listed specific locations in New England where good antiques can be found at reasonable prices (11, pp. 19-31). Prices for particular pieces will vary depending on whether the buyer is a dealer or an ultimate consumer. Dealers usually demand and receive lower prices from sellers so they can, in turn, add a satisfactory markup when pieces are sold at retail. Grotz also identified locations in the Dallas area where the best selection of antiques can be found. Within the city limits there are shops along Fairmount and McKinney streets and at the Big D Bazaar. Several dealers are also clustered outside of Dallas along Interstate 20 in Forney, Texas.

**Retail Locations**

The clustering of retail antiques shops is very common whether such clusters are located in malls, in shopping centers, or in the form of free-standing shops within the same neighborhood. There are sound reasons why antiques dealers take advantage of this principle of cumulative attraction. According to Rush, "... the overwhelming majority of antiques dealers have only one shop" (23, p. 464). By locating near to each other in groups, several shops can attract more prospective customers than one alone. In order to lessen the rent expense for their high traffic locations, groups of dealers may rent a building and divide the floor space
with other retailers carrying complementary merchandise. Each outlet will attract patrons because of its specialized products, and the cooperative effort will take on the look of one large store offering many diverse lines of merchandise (24, p. 38).

**Price Determination**

Retailers of antique furniture must arrive at a price to charge for their merchandise. This activity differs from pricing practices of retailers of manufactured products. Because there are no manufacturers, no set manufacturers' prices or suggested retail prices exist. Dealers must base their price offerings on their assessments of the market and on their knowledge of the particular product that they are merchandising. Several books have been published to meet the need for antiques pricing information. The most popular books, written by Ralph and Terry Kovel, furnish information about the current prices for various categories of antiques. The price quotations included in the Kovels' books "... were recorded from antique shows, sales, flea markets and auctions . . ." (17, 'Guide to Use'). Geographically, the prices were taken "... from sales in all parts of the country . . ." (17, 'Guide to Use'). Their book, The Kovel's Complete Antiques Price List, is revised periodically, and, therefore, serves as a guide to any
party interested in exchanging or holding antiques. A novice retailer, for example, may not know the exact price to charge for an antique lamp table, but by referring to a similar table in the Kovels' pricing guide, the dealer can obtain a beginning price point. Each dealer must, of course, use his own judgment as to whether his particular customers would accept the listed price offers.

To aid dealers further in keeping current on market developments, the Kovels publish a monthly newsletter called "Ralph and Terry Kovel on Antiques." "This . . . covers prices, special interest antiques, what to buy now, how to save and make money on antiques, forums and classes to attend, refinishing and first-aid for your possessions, marks, decorating and displaying antiques, book reviews and other pertinent antique news" (Kovel, p. vi).

The Kovels' literature (and similar literature) serve only as price and information guides for various categories of antiques. The prices listed should not be used as specific prices on any particular pieces held by a dealer. Each retailer must consider his potential customers, his costs, and his mark-up requirements.

The Appraisal Function

Another important facet of price determination is the appraisal function. Appraising requires dealer
knowledge of his merchandise, its approximate age, historical background, and physical condition. The importance of effective appraising to the antiques business is described by Sommer:

Everyone who buys--collector, dealer, tag or house sale coordinator auctioneer--fills the fundamental role of an appraiser: evaluating objects on the basis of knowledge of quality, authenticity, style, provenance, and price trends (24, p. 65). Without this knowledge you cannot buy well or consign well (24, p. 64).

There are professional appraisers who are certified and who do appraise for particular purposes. However, there are no licensing requirements (state or federal) for appraisers of antiques (24, p. 70).

Summary

The purpose of this chapter was to familiarize the reader with the current state-of-the-art of the antiques business. The literature can be categorized into two large bodies and one smaller one.

Most of the literature concerning antique furniture is descriptive of particular styles and pieces within the styles. Many of the published books are illustrated with photographs and/or drawings so as to more accurately explain text material. Usually, historical information about the styles and pieces accompanies the descriptive material.
The second body of information offered advice to would-be buyers about the suitability of antique furniture for investment purposes. This category of material is concerned primarily with prices and values involved with owning antiques as opposed to other investment instruments.

The third and much smaller category of current literature addresses the process of antiques distribution. Available sources of information concerning the distribution and marketing of antique furniture is woefully incomplete, particularly when compared with the amount of information available about product descriptions and the suitability of antiques for investment purposes. However, sources of supply, retail locations, price determination, and the appraisal function were reviewed.
CHAPTER BIBLIOGRAPHY


CHAPTER III


Introduction

The purpose of Chapter III is to (1) explain to the reader the study methodology and (2) to present the first three parts of the information generated from the survey data. The information is divided into seven major segments that correspond to the divisions of the questionnaire. Segments I through III, found in this chapter immediately following the methodology are (1) A Profile of the Survey Respondents, (2) The Composition of the Industry in Dallas, and (3) The Demographic Characteristics of the Market. Segments IV through VII, the subjects of Chapter IV, correspond to the four elements of the Marketing Mix. These elements are (1) Distribution (Placement) of Antique Furniture, (2) Pricing Decisions and Policies, (3) Characteristics of the Products, and (4) Promotion Policies of the Dealers. Conclusions drawn from the findings are included in Chapter V along with some recommended courses of action.
Research Methodology

Primary data for the study were obtained by way of personal interviews conducted with selected furniture antique dealer owner/managers. Because of the unavailability of suitable directories of antiques dealers for the Dallas metropolitan area, it was necessary to employ the Dallas Yellow Pages Telephone Directory as the source of identification of prospective respondents.

Although primary data were collected during the month of August, 1981, the 1979 Yellow Pages Directory was employed to increase the probability that the antiques dealer owner/manager respondents would have at least two years of operating experience. It was believed that this owner/manager experience requirement would substantially improve the ability of the respondents to answer the survey questions and to provide more insightful answers.

There were 269 businesses listed in the Dallas Yellow Pages Directory under the heading of "Antiques," sub-heading "Antique Dealers." Because of certain industry characteristics and because of the respondent selection criteria employed in the study, however, the number of available, suitable respondents composed only a small percentage of the listed antiques dealers.
Twenty-seven of the listings were eliminated as prospective respondents on the basis of information communicated in the Yellow Pages. These dealers were eliminated because of one or more of the following reasons:

1. Duplicate dealer entries in the Directory, that is, a given outlet was listed under two or more different names;
2. Wholesale dealers including auction houses;
3. Dealer listings for firms located outside the Dallas metropolitan area;
4. Dealer listings for firms that did not merchandise antique furniture;
5. Flea markets, malls, and shopping center listings.

Attempts to make initial contacts with the prospective respondents revealed that almost one-half (42.5 per cent) were no longer in operation, reflecting the very high business mortality rate that exists among retail antiques dealers.

Successful interviews were conducted with 29, or 20.86 per cent of the remaining antiques dealers. Reasons for the exclusion of the other listed dealers were (1) the dealers operated at the wholesale or "trade" level only; (2) furniture was not merchandised, although this fact was not apparent in the Yellow Pages listing; (3) the dealers refused to participate in the study, in part, because of the "confidential" nature of their businesses; and (4) the dealers could not be contacted or were otherwise unavailable for interviewing during the primary data collection time period.
Because of the exploratory nature of the study and because it was not possible to obtain data from all qualified members of the universe or to employ a random sample, the study findings are primarily presented in frequency distribution form along with a discussion of the nature and ramifications of the antiques dealer responses to the structured and open-ended questionnaire questions (see Appendix A).

Segment I
A Profile of the Survey Respondents

Respondents Held Top Positions

All antiques dealers in the sample were owners/managers and were therefore well qualified to answer the questions in the survey. The specific titles and number of sample members represented are presented in Table I.

TABLE I
TITLE AND NUMBER OF SAMPLE MEMBERS

<table>
<thead>
<tr>
<th>Title</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager or owner</td>
<td>25</td>
</tr>
<tr>
<td>Assistant manager</td>
<td>1</td>
</tr>
<tr>
<td>Corporate president</td>
<td>1</td>
</tr>
<tr>
<td>Vice-president</td>
<td>1</td>
</tr>
<tr>
<td>Treasurer</td>
<td>1</td>
</tr>
</tbody>
</table>

Sole proprietorships, corporations, and partnerships—the three major legal, business organizations—were represented in the sample, and the dealers interviewed possessed a wealth of experience in the antiques business. Almost two-thirds of the sample dealers (65.5%) operated as sole
proprietors; one quarter (24.1%) were organized as corporations; and three (10.3%) were partnerships. The sample members had been selling antiques for at least two years (the minimum required by the study). One respondent reported fifty-five years experience, and another said she had been in the business all her life.

More than 90 per cent of sample dealers (93.1%) operated their antiques stores on a full-time basis. Two of the respondents considered their dealerships to be part-time ventures because they opened their shops only two or three days a week.

**Asset Size Unclear**

The exact size of the sample businesses (in terms of assets owned) was difficult to determine. Because of the number of non-responses combined with the wide asset range reported by those dealers who did venture estimates, this information is of limited value in understanding the size of the retail businesses. The estimates reported by the Dallas antiques dealers ranged from $8,000 to $5.5 million, but more than two-thirds (68.9%) of the dealers either said they did not know their asset size or would not reveal this information.

All but four respondents estimated the percentage of their inventory invested in antique furniture. As shown in Table II, the majority of antiques dealers sampled (19)
invested from between one-third and three-fourths of their inventory in antique furniture. From another viewpoint, antique furniture accounted for 50 per cent or more of the inventory investment by eighteen dealers in the sample. (See Table II).

**TABLE II**

PERCENTAGE OF INVENTORY INVESTED IN ANTIQUE FURNITURE

<table>
<thead>
<tr>
<th>Percentage Mentioned</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>NR*</td>
<td>4</td>
</tr>
<tr>
<td>5%</td>
<td>1</td>
</tr>
<tr>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>33.3%</td>
<td>2</td>
</tr>
<tr>
<td>40</td>
<td>2</td>
</tr>
<tr>
<td>50</td>
<td>4</td>
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<td>80</td>
<td>1</td>
</tr>
<tr>
<td>85</td>
<td>1</td>
</tr>
<tr>
<td>90</td>
<td>1</td>
</tr>
</tbody>
</table>

*No response

Even though the total asset size of the sample dealers is obscured, it is clear that antique furniture represents a significant percentage of the antiques dealers' inventory investment.

**Few Certified to Appraise**

Only eight respondents (27.5%) reported that they were certified to appraise antiques. Certification to appraise antiques, by such organizations as the Appraisers
Association of America, Inc., though not necessary in trading antiques, can be beneficial to an antiques dealer. The more professional opinion of a certified appraiser may be sought by banking institutions and insurance companies when settling estates or claims that involve antiques and their value. Because certification can enhance the reputation as well as the profitability of the individual dealer's operation, it is surprising that so few are certified.

Origins of the Respective Antiques Businesses

It became clear from the information given by the Dallas antiques dealers that a significant amount of personal involvement contributed to their businesses when they began. (See Table III.) As opposed to just buying inventory and opening their shops, most of the dealers reported that their businesses began from a hobby or from the influence of a relative and then evolved into the present operation.

Eleven respondents (37.9%) became involved in antiques merchandising because of a personal hobby or a hobby of a close relative, such as a husband or wife. Relatives also influenced the dealers in ways other than a hobby. Thirty-one per cent reported that a close relative either initiated the business or heavily influenced them to establish an antiques dealership. Usually the influencing relative was
a father, mother, wife or husband. One respondent noted that a grandfather was the major influence. Several respondents had purchased their businesses from relatives or bought their businesses because of influence from relatives. One respondent married into the business. (A few answers in the "Hobby" and "Relatives" categories overlap because the respondents noted that both relatives and hobbies were influencing factors.)

TABLE III

ORIGINS OF THE ANTIQUES BUSINESSES

<table>
<thead>
<tr>
<th>Origin</th>
<th>Per Cent of Sample Mentioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hobby</td>
<td>37.9%</td>
</tr>
<tr>
<td>Relatives</td>
<td>31</td>
</tr>
<tr>
<td>Bought</td>
<td>17.2</td>
</tr>
<tr>
<td>Other</td>
<td>10.3</td>
</tr>
</tbody>
</table>

Five sample members (17.2%) either bought their shop or purchased some inventory in order to begin their business. Some respondents may have begun buying as a hobby, but the answers in this category were not described as a hobby.

Three respondents cited other reasons for starting their antiques business. One began buying antiques to complement an existing interior design business, and another respondent began importing antiques for friends.
A third dealer became interested in the antiques trade because of college classes.

The large degree of personal involvement exhibited by the Dallas antiques dealers in their businesses has both positive and negative ramifications. It is definitely to the dealers' advantage that they have a personal interest in the operations of their stores because personally involved managers tend to pay more attention to business details than others. A negative side to the large amount of personal involvement in antiques retailing is the lack of objectivity exhibited by dealers who are closely attached to their business. If an antiques store owner is really involved with his business, he may, on occasion, fail to see marketing threats or opportunities that exist because he is so near to the store operations. This subjective viewpoint can become a problem if it inhibits a dealer from monitoring his market and adjusting his store operations accordingly.

Segment II

The Composition of the Industry in Dallas

Dollar Sales Unknown

The size of the antique furniture industry in terms of retail sales dollars traded annually is unknown according to the antiques dealers queried. The overwhelming majority
of retailers (93.1%) indicated that they had no idea how large retail sales were in the Dallas area. In fact, most respondents appeared genuinely perplexed at the question, as if they had never thought of the subject before. One respondent estimated the figure to be "less than five million dollars," while another guessed that approximately $50 million worth of antique furniture was traded annually in Dallas.

An overall indication of the size of the Dallas antique furniture business can be gleaned from the following data about the industry. Information relating to sales trends, amount of furniture pieces sold annually, and number of people employed in Dallas antiques retailing follows.

**Industry Sales Trends Favorable**

Though most respondents did not know the absolute amount of retail sales dollars traded in the Dallas market, the 29 dealers did have an idea or an opinion concerning the retail sales growth trends from year to year. As indicated in Table IV, 23 dealers (79.3%) estimated that dollar industry sales of antique furniture (1981 compared to 1980) were growing.
TABLE IV

INDUSTRY RETAIL SALES TRENDS
(1981 compared to 1980)

<table>
<thead>
<tr>
<th>Sales Trend</th>
<th>Number of Dealers Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing</td>
<td>23</td>
</tr>
<tr>
<td>Stationary</td>
<td>3</td>
</tr>
<tr>
<td>Declining</td>
<td>3</td>
</tr>
</tbody>
</table>

Three respondents thought the 1981 industry sales were stationary compared to those in 1980, and only three dealers said the overall sales of antique furniture were declining. So, according to the majority of dealers queried, the Dallas antique furniture business is on the upswing. The major reasons cited for this basically optimistic forecast are presented in Table V along with the percentage and number of dealers who estimated the three sales trends.
TABLE V

MAJOR REASONS FOR INDUSTRY
SALES TRENDS
(1981 Compared to 1980)

<table>
<thead>
<tr>
<th>Reasons for:</th>
<th>Number</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth Trend</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antiques are considered good investments.</td>
<td>28</td>
<td>96.8%</td>
</tr>
<tr>
<td>Antiques are of better quality than new furniture.</td>
<td>13</td>
<td>44.8%</td>
</tr>
<tr>
<td>Antiques generally appreciate in value.</td>
<td>9</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Stationary Trend</strong></td>
<td>6</td>
<td>20.6%</td>
</tr>
<tr>
<td>Sales are up due to inflation only.</td>
<td>3</td>
<td>10.3%</td>
</tr>
<tr>
<td>Inflation has kept most young couples out of the market.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People have less money due to the economy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Declining Trend</strong></td>
<td>3</td>
<td>10.3%</td>
</tr>
<tr>
<td>People are in poor financial condition.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The economy is bad.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The general enthusiasm for antiques is down.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Other minor reasons or causes that were mentioned by the sample retailers for the general growth in Dallas antique furniture sales were:

"Scarcity drives up value."

"Many people from the Eastern United States have moved to Dallas, and they are more familiar with antiques."

"There is more general appreciation for antiques."

"More knowledge and education about antiques exists."

"Antiques are used as status symbols."

"The antiques business has grown along with the Dallas economy."

"There is more publicized information concerning antiques."

Overall, Dallas antique furniture sales were increasing in 1981, but, according to the dealers sampled, the furniture sales experienced by many individual retailers were less positive. 

Sales Trends of Individual Stores Less Favorable

While more than three-fourths of the dealers thought industry/market retail sales were growing overall, only about one-half reported that their individual store sales for 1981 were increasing. (See Table VI.) Sixteen respondents (55.1%) indicated that the level of their store sales was up. Eight dealers (27.5%) reported their sales to be stationary or about the same as the previous year, and only four dealers were experiencing decreased revenues.
Even though fewer dealers reported growing 1981 sales for their individual stores, the majority agreed and supported the forecast of an overall favorable growth trend for the Dallas antique furniture market. Most dealers thought the industry sales prospects as a whole were favorable, but some retailers had not benefited, in terms of increased revenues, thus far in 1981.

TABLE VI

RETAIL SALES TRENDS FOR INDIVIDUAL STORES

<table>
<thead>
<tr>
<th>Store Sales Trend</th>
<th>Number of Dealers Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing</td>
<td>16</td>
</tr>
<tr>
<td>Stationary</td>
<td>8</td>
</tr>
<tr>
<td>Declining</td>
<td>4</td>
</tr>
<tr>
<td>No response</td>
<td>1</td>
</tr>
</tbody>
</table>

Precise Unit Sales Figures Unknown

Interestingly enough, the largest percentage of antiques dealers indicated that they had no idea how many antique furniture pieces they had sold during 1980. Most of the retailers who did respond with a certain number of pieces sold used only approximations, and these estimates ranged so widely that an average number of pieces would be misleading to the reader. (Refer to Table VII). Two dealers said they sold less than ten furniture pieces, and only eight others reported selling between 11 and 300 pieces last year (1980). Eight retailers (27.5%) sold over 300
pieces, and one of these said he moved 50,000 items. Based on this approximation, the last dealer boasted that he was the largest antiques retailer in the world, and he claims this in his advertising. Given that the sample dealers just estimated their unit sales figures, it is doubtful that "the largest dealer" knows for certain that he is the largest.

TABLE VII

ESTIMATED UNIT SALES FOR 1980

<table>
<thead>
<tr>
<th>Number of Pieces Sold</th>
<th>Number of Dealers Estimating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not known</td>
<td>11</td>
</tr>
<tr>
<td>Less than 10</td>
<td>2</td>
</tr>
<tr>
<td>11-300</td>
<td>8</td>
</tr>
<tr>
<td>More than 300</td>
<td>8</td>
</tr>
</tbody>
</table>

Inventory Control Lacking But Needed

The fact that many dealers had no indication of the number of pieces sold in their own stores, and that the other retailers just approximated the number sold is significant because this lack of knowledge indicates poor inventory control. Good inventory control is essential in furniture retailing because of both the high cost of the products carried and the large percentage of total inventory costs represented by the items. Controlling these costs is especially critical for those dealers (both antique and new furniture retailers) who sell a large volume annually.
The proper management of the dealers' inventory costs is important for another reason, as shown in Table VIII. Approximately three-fourths (74%) of the respondents indicated that antique furniture comprised from 26 to 75 per cent of their total sales in both 1980 and 1981, up until the date of the interview. Forty per cent of the dealers reported that antique furniture represented from 51 to 75 per cent of their total revenues for both years. As can be deduced from these figures, antique furniture contributes significantly to the antiques retailers' total revenue, and because of this impact, tight inventory control is essential.

**TITLE VIII**

**ANTIQUE FURNITURE SALES AS A PER CENT OF TOTAL SALES**

<table>
<thead>
<tr>
<th>Percentage of Total Sales</th>
<th>Responses By Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1980</td>
</tr>
<tr>
<td>Less than 25%</td>
<td>2</td>
</tr>
<tr>
<td>26-50</td>
<td>8</td>
</tr>
<tr>
<td>51-75</td>
<td>11</td>
</tr>
<tr>
<td>76-100</td>
<td>6</td>
</tr>
</tbody>
</table>

**Antique Furniture Retailing Employs Few People**

When based on the number of people employed, most retail antiques operations in Dallas are small. Twenty-four dealers (82.7%) employed four or fewer full-time people, other than themselves, 12 of the total sample (41.3%) had no paid employees. Only seven retailers had part-time help.
This employment information illustrates the small-scale nature of Dallas antiques retailing, and indicates that many owners/managers alone shoulder most of the responsibility for operating their shops.

At the other end of the size spectrum, however, there are a few large enterprises operating in the Dallas antiques business. Five dealers (17.2%) reported employing five or more full-time workers. One dealer had ten employees, and the largest retailer in the sample employed 14 people other than himself. Large scale antique furniture retailing does exist in Dallas, but based on the number of retailers who employ five or more full-time workers, it is not common. (See Table IX).

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Number of Dealers Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>FT PT</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>. . . . . . . . . .</td>
</tr>
<tr>
<td>1-4</td>
<td>. . . . . . . . . .</td>
</tr>
<tr>
<td>5-8</td>
<td>. . . . . . . . . .</td>
</tr>
<tr>
<td>10</td>
<td>. . . . . . . . . .</td>
</tr>
<tr>
<td>14</td>
<td>. . . . . . . . . .</td>
</tr>
<tr>
<td>2</td>
<td>. . . . . . . . . .</td>
</tr>
<tr>
<td>1</td>
<td>. . . . . . . . . .</td>
</tr>
</tbody>
</table>
Entry Into Antique Furniture Retailing Not Easy

Some dealers disagreed, but the majority of the antique furniture retailers in Dallas thought that it is difficult to enter and become established in their industry. Almost three-fourths of the dealers (72.4%) said it would be either somewhat difficult or very difficult to successfully initiate and become established in a retail antique furniture business. Most reasons cited as to the difficulty of entry fell into five recognizable categories. (Reasons given that were not in any of these five were either mentioned infrequently or were cited in conjunction with answers already included.) (Refer to Table X.)

TABLE X
REASONS FOR DIFFICULT ENTRY INTO DALLAS ANTIQUE FURNITURE RETAILING

<table>
<thead>
<tr>
<th>Reasons Given</th>
<th>Somewhat Difficult</th>
<th>Very Difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of money</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Product and contact knowledge required</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Product/merchandise supply problems</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Location difficulties</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Establishing a &quot;name&quot;</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>
The five major classifications that emerged from the answers were 1) the amount of money required, 2) the amount of product or contact knowledge needed, 3) supply problems (such as difficulty in locating products to sell), 4) store location difficulties, and 5) the establishment of a reputation or "name."

The amount of financial means (money/capital) necessary to establish a business, the product and/or contact knowledge required, and general product/merchandise supply problems were the most commonly cited reasons causing a difficult entry into antique furniture retailing. The problem of capital needed to begin a business is not unique to antique furniture retailing because all retailing requires this. What is unusual and particular to antiques retailing are the other two commonly cited obstacles, i.e., product/contact knowledge needed and product/merchandise supply problems.

Because antique furniture is used merchandise, unique in design and history, not manufactured any more, and merely traded from one owner to another, information pertaining to both the products themselves and to the sources of supply is critical to a successful business. Consequently, if a potential dealer is deficient in good product/contact knowledge and has not overcome merchandise supply problems, his/her success in antiques retailing becomes much more difficult to achieve, as indicated by a majority of the
respondents who cited these factors as important requirements to satisfy.

The problems of finding a good location and the establishment of a good reputation or "name" were other common reasons given as barriers to entering the antiques business. Not surprisingly, obtaining a good location was cited by the Dallas dealers as an important entry obstacle to overcome because antiques retailers usually need high visibility in order to attract customers. Even when a desirable location is found, it can be prohibitively expensive, and, so, act as a barrier to a beginning antiques retail operation.

A more long-run problem cited by the Dallas dealers that faces a potential antiques retailer is the establishment of an honest reputation or a good "name" in the industry. In order to become "established" in the antiques business, a dealer must gain the trust of his clientele, and this can only be accomplished over time--after many customers and retailers have dealt with him. As explained later in the study, trust or honesty is critical to the success of antiques retailing because it is one of the major reasons why a customer would buy from one dealer as opposed to another.

**Entry Requirements Lower For a Few**

Six or one-fifth (20.6%) of the dealers sampled disagreed with the majority, and thought it was either not so difficult or even easy to enter the retail antique furniture business. (See Table XI.)
TABLE XI

REASONS FOR NON-DIFFICULT ENTRY INTO DALLAS ANTIQUE FURNITURE RETAILING

<table>
<thead>
<tr>
<th>Reasons Given</th>
<th>Easy</th>
<th>Not So Difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takes common sense</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Flea markets allow lower expenses</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Personal interest level high</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Amount of money</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

Interestingly, one-half of this 20 per cent (three respondents) cited the amount of money or capital required as a reason for ease of entry. They essentially stated that if one had the money, entering the retail antiques business in Dallas was not a problem. Merchandise could be purchased in Europe if the money was available, and, according to one dealer, a person could not lose if he had common sense. Along with this response, the dealer revealed his policy of buying back (at 80 per cent of the price paid) antiques he had sold. He essentially indicated that because prices (values) generally increase, one "can't lose" on the merchandising of antiques. So, according to three dealers, if one had the financial means necessary to cover initial costs, entry into the antique business would present no
major obstacles. Reasons for this relatively optimistic attitude toward entry problems are explained somewhat in the following discussion concerning the flea market level of entry.

Two respondents, who indicated one would encounter little difficulty entering the antiques business, were not speaking of starting the same type of establishment they currently operated. According to them, easy or not-so-difficult entry can occur at another level of the industry (the flea market level) where lower overhead operating expenses is characteristic.

Many times lower initial costs exist at the flea market level because of lower building expenses, shared space and promotion charges, and lower personnel costs. Because this level or method of antiques retailing does exist, and is very widespread, it is reasonable that some dealers would argue that entry into the antiques business is not so difficult. But, it must be remembered, these two respondents who cited less difficult entry were not speaking of beginning a business similar to their own. They were referring only to starting an antiques business on the smallest scale that exists, i.e., the lowest cost operation in the industry.

**Entry Capital Requirement Minimal, With Reservations**

In an attempt to gain insight into the level of entry difficulty, the dealers were asked to specify a minimum
capital amount that would be needed to begin an antiques retail enterprise on a small scale. (The terminology used by the researcher may have been interpreted differently by the respondents. For instance, "small scale" would have various meanings among respondents, but this presents no problem because just a general impression was sought.) As can be seen in Table XII, 15 dealers (51.7%) estimated that $30,000 or less would be adequate capital to initiate a retail antiques store. According to half the sample, then, not much capital is needed in order to enter the Dallas antiques business at the retail level. The amount of capital required, however, depends on the scale of operation one is considering.

**TABLE XII**

CAPITAL REQUIRED TO ENTER ANTIQUE FURNITURE RETAILING IN DALLAS

<table>
<thead>
<tr>
<th>Capital Amount</th>
<th>Number of Dealers Estimating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000</td>
<td>15</td>
</tr>
<tr>
<td>500,000-1,500,000</td>
<td>3</td>
</tr>
<tr>
<td>Depends on scale of operation</td>
<td>4</td>
</tr>
<tr>
<td>Could not estimate</td>
<td>7</td>
</tr>
</tbody>
</table>

When attempting to arrive at an estimated start-up capital amount, some retailers qualified their answers somewhat. The capital required to begin an antiques outlet depends heavily on what scale one intends, the
merchandise to be carried, the location of the store, and the interior fixtures to be purchased. Four dealers expressed doubts by qualifying their answers about a specific capital figure, and seven others simply did not know or could not estimate an amount. This caution and hesitancy expressed by dealers currently in the antiques business (when estimating a start-up capital amount) is significant because it illustrates that there exists a variety of entry levels available to any new entrant into antiques retailing. According to several dealers, then, it is just not that simple to designate a certain amount of money as necessary to begin an antiques shop; the amount of capital required depends on what type of operation is desired by the newcomer.

Segment III
Demographic Characteristics of the Dallas Market

The purpose of this segment is to provide the reader insight into the major demographic characteristics of the Dallas antique furniture market as viewed by the sample dealers. More specifically, this section answers the questions: 1) What are the demographic characteristics of a typical Dallas antique furniture customer? and 2) How have these consumer (market) characteristics changed in the recent past and how are they expected to change in the future? The consumer demographics covered were age, sex, race/nationality, geographic concentration, and income level. Most of this information was derived from
only rough approximations because the Dallas antique furniture dealers do not keep records pertaining to the demographic characteristics of their customers.

Average Dallas Customer is Middle Age

Fourteen of the sample dealers (48.2%) estimated the ages of their clientele according to the categories provided by the researcher. (Refer to Table XIII for age ranges.) Because the remaining sample retailers could approximate the age percentages only within broader categories, the narrower (more precise) ranges are reported in the table. According to almost half of the Dallas antiques dealers, 70 per cent of all their antique furniture customers are age 30 to 65. Another one-fifth of the total clientele (total market) is between age 20 and 29. No Dallas retailer reported selling to any customers under 20 years of age, and the 65 group represented only about seven per cent of the market. This estimated breakdown by the antiques dealers is not surprising because the people in the age range of 30 to 65 are normally at their peak in terms of income and, so, are able to afford many home furnishing products such as antique furniture.
Age is only part of the demographic profile. More characteristics are needed to obtain better insight about the typical Dallas buyer.

**Most Dallas Customers Are Women**

Almost three-fourths of the Dallas antique furniture buyers are women, as estimated by 83 per cent of the sample dealers. (See Table XIV.) Women have traditionally been responsible for furnishing the home and, perhaps, they comprise the majority of antique furniture buyers because they have the time and/or the inclination to shop for antiques.
Few Minorities Buy Antique Furniture

According to twenty-two sampled dealers, almost all (90-100%) of their customers were Anglo-American. (Refer to Table XV.) There were only a few dealers who mentioned some minority race/nationality groups among their clientele. Six dealers (20.6%) reported that approximately five per cent of all their customers were Afro-American and five Dallas retailers (17.2%) said the same percentage of their customers were Mexican-American. One dealer said Jewish-Israeli customers comprised 20 per cent of his trade, and one other respondent reported that 15 per cent of his market was of French-German origin.

TABLE XV

<table>
<thead>
<tr>
<th>Race/Nationality</th>
<th>Percent of All Customers</th>
<th>No. of Dealers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglo-American</td>
<td>90-100%</td>
<td>22</td>
</tr>
<tr>
<td>Jewish-Israeli</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>French-German</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>Afro-American</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Mexican-American</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Other Nationalities</td>
<td>Less than 1</td>
<td>5</td>
</tr>
</tbody>
</table>

These race/nationality percentages are significant because of their lopsided nature which reveals that very few minority customer groups form the market for antique furniture in Dallas. Only a few dealers could estimate that they sold to a significant percentage of people other than Anglo-American.
Many Buyers, But Not All, Live Nearby

The majority of Dallas antiques buyers live either in the Dallas area or are from Texas. Nineteen dealers (65.5%) estimated that from 80 to 100 per cent of their customers are geographically concentrated in Dallas or other areas in Texas. (See Table XVI.) But these antiques dealers do have a significant number of customers who travel from out-of-state. Twenty-four dealers (82.7%) reported that they trade with some customers who come from places other than Texas; fourteen of these estimated their out-of-state clientele to be from one to 15 per cent of their total market. Five dealers in the sample (17.2%) said that from one to ten per cent of their customers live in foreign countries. The number of out-of-state and foreign customers that comprise the market, as suggested by the sample dealers, indicates that Dallas antique furniture retailing is not just local in nature because a significant number of buyers in the Dallas antiques market travel from other geographic areas.
TABLE XVI
GEOGRAPHIC ORIGIN OF DALLAS ANTIQUE FURNITURE BUYERS

<table>
<thead>
<tr>
<th>Geographic Origin</th>
<th>Percent of All Customers</th>
<th>No. of Dealers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 80%</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>80-100</td>
<td>19</td>
</tr>
<tr>
<td>Dallas or Texas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out-of-state, but within U. S.</td>
<td>1-15</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>16-30</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>31-45</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>45-60</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Over 60</td>
<td>1</td>
</tr>
<tr>
<td>Foreign Countries</td>
<td>1-10</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Over 10</td>
<td>0</td>
</tr>
</tbody>
</table>

The sample dealers seemed to have the most difficulty estimating the approximate income levels of their customers. Fourteen respondents (48.2%) reported that they did not know the income level of their average customer. While most dealers queried appeared puzzled in searching for an answer, 15 dealers (51.8%) did venture estimates of the annual income earned by a majority of their customers. (See Table XVII.) As estimated by more than half of the Dallas antiques dealers, the majority of their furniture buyers are concentrated in the upper middle or upper level income brackets. All 15 dealers said the majority of their customers earn more than $20,000 annually, and nine dealers (31%) reported that most of their customers
earn more than $50,000 a year. This concentration of customers in the higher income brackets is not surprising when one considers the products being bought; antique furniture tends to be expensive if quality is desired.

TABLE XVII
ANNUAL INCOME EARNED BY MOST DALLAS ANTIQUES BUYERS

<table>
<thead>
<tr>
<th>Income Levels</th>
<th>No. of Dealers Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not known</td>
<td>14</td>
</tr>
<tr>
<td>Less than $21,000</td>
<td>0</td>
</tr>
<tr>
<td>$21,000-50,000</td>
<td>6</td>
</tr>
<tr>
<td>Over $50,000</td>
<td>9</td>
</tr>
</tbody>
</table>

Another significant discovery concerning the income level estimates is the fact that so many dealers in Dallas did not know or could not estimate this information about their clientele. Perhaps the non-reporting dealers thought the information was too confidential to reveal, but this is doubtful. The more likely conclusion is that the retailers do not actively seek this demographic data from their customers, thus unnecessarily making their marketing/profit goals more difficult to attain.

The Typical Antique Furniture Buyer in Dallas--A Summary

In answer to the first question concerning demographic market characteristics, the Dallas antique furniture retailers have provided a rather clear picture of their
average customer. As estimated by the sample dealers, and presented in Tables XIII through XVII, the average Dallas buyer is a middle-aged middle or upper economic class Anglo-American woman who, more than likely, lives in Dallas or another Texas area. Of course, other people buy antique furniture, but the above profile is characteristic of the normal antique furniture customer in Dallas according to the dealers who try to sell to her. This profile may be changing somewhat, however.

More Young People As Buyers

Not only is it important to discover demographic facts when trying to understand the antiques market, but one must also attempt to discern emerging changes or trends in those characteristics. Twelve sample dealers (41.3%) mentioned that the most significant and consistent trend they had noticed over the past two or three years was the changing age of their clientele. The Dallas retailers were now selling to more and more young single people and young married couples. Several reasons were cited for this trend. The respondents believed younger people are more "investment conscious" than before, and the younger customers are buying "quality merchandise." This investment consciousness stems from the higher education level and increased mobility of the younger consumer. Many dealers queried thought that more "antiques awareness"
exists in their market because people from the Northern
United States, who tended to grow up around antique fur-
niture and so are familiar with the products, are moving
into the Dallas and Texas areas.

Seven respondents (24.1%) reported that they had not
noticed any demographic changes or new trends in their
customer groups over the past few years. It is doubtful
that no recognizable changes had occurred. A more reason-
able explanation for these negative responses is that the
dealers had not monitored the market closely enough to
discern the changes.

More Product Scarcity in the Future

Each respondent in the sample was asked to cite
future trends of his market and offer any explanation
for those coming trends. The responses obtained about
the future were quite different from the past oriented
answers. Many of the respondents concentrated on the
problems they will have in meeting the demand for their
products in the future as opposed to enumerating the
direct changes occurring in the demographic profiles of
their customers. Of course, the demand for the dealers'
products is affected by changes that occur in the market,
but increased scarcity and the resultant difficulty in
finding good quality furniture pieces was the most common
response given by the sample dealers about their future.
If product scarcity does become more critical, greater pressure will be put on the dealers to monitor and keep abreast of their changing market because each mistake will be more costly to them.

A smaller number of responses centered on the types of antiques that will be demanded in the near future. Several Dallas dealers thought that their buyers would be wanting "newer antiques" in the future--pieces made in the 1920's and 1930's. This change, if it occurs, may be caused by the scarcity problem that exists for older antique pieces. Also, because of the limited supply and high prices of antiques, more reproductions will be bought so customers can obtain the antique style and "look," if not the actual product. If this trend toward newer antiques and reproductions comes to pass in Dallas, the dealers will have to become more knowledgeable about these products so as to attract the more style-conscious customer of the future.

Other Predictions Varied

Other comments, as to what the future holds for Dallas antique furniture retailing, were:

"People are returning to the classical looks."
"... more varied demographics, races."
"... more exporting back to Europe."
"... middle-class (customers) will be out of it."
"... more people wanting expensive items."

"Corporations will be into the antiques market."

Two dealers predicted that the scale of retail antiques operations will decrease. According to these two, big warehouse dealers will be fewer in number; and smaller, more established operations will be the norm. Smaller antiques dealers in Dallas tend to specialize in products carried, services offered, or attractive prices, similar to other retailers; so if the scale of operations tends to decrease, the result will be increased specialization in the Dallas antiques furniture business. More specialization will, in turn, demand that the antiques dealers gain more sophisticated knowledge of the antique furniture market than they currently possess.

Summary

The purpose of Chapter III was to explain the research methodology and to present to the reader the first three (of seven) segments of information generated from the primary data. Immediately following the explanation of the data collection process, a profile of the survey respondents (Segment I) was presented so the reader would have a better understanding of the typical Dallas antiques retailer. The composition of the Dallas antiques industry (Segment II) in which these dealers operate was described next, and this part was followed by a demographic
sketch of the customers (Segment III) who typically purchase antique furniture. In the latter part of the chapter, several future trends or changes that are expected to impact Dallas antique furniture retailing were noted.
CHAPTER IV

MARKETING MIX ELEMENTS

The purpose of Chapter IV is to provide the reader an understanding of the internal operations of the Dallas antique furniture outlets. To accomplish this task, a framework based on the four elements of the Marketing Mix was utilized, and the chapter is correspondingly divided into these four segments. The marketing mix is composed of four major variables (controllable by a company's management) that are combined in some fashion to appeal to a company's customer group (market). These basic elements or variables are 1) the distribution of the products, 2) the prices of the products offered, 3) the products themselves, and 4) the promotion of the products offered to the consumer. To explain further, all four elements are needed in proper proportion in order to attract customers to a company's products or store and for the enterprise to realize a profit.

In the marketing of antique furniture, distribution (product availability) manifests itself by such management decisions as supply sources and the actual physical movement of the products sold (furniture). Proper pricing of the antique furniture reflects the value of the
pieces, and also aids in determining store revenues and profit. The antique furniture styles and particular pieces carried and the services offered by the dealers such as repair, refinishing, and appraising would constitute the product element of the marketing mix. Promotion methods and policies as utilized by the Dallas antiques retailers serve to communicate information to potential customers concerning the dealers' offerings, and to hopefully attract buyers into the stores. Using this marketing mix, then, as a basis, the more specific methods and policies of each element as practiced by the Dallas antiques dealers were explored. The findings from the sample retailers are presented in this chapter in the following sequence: 1) Distribution, 2) Pricing, 3) Product, and 4) Promotion.

Segment I--Distribution (Placement) of Antique Furniture

Introduction

The first element of the marketing mix explored by the researcher was the distribution or placement methods as practiced by the Dallas antiques dealers. The distribution segment is further divided into channels of distribution and physical distribution. A channel of distribution is essentially a legal pathway that allows
the products to be brought to the customers (the market), and physical distribution consists of the actual movement of the products traded. Every antiques retailer must make distribution decisions such as whom to sell to, where to buy the inventory, and how the products are to be physically shipped (once they are bought) to the store and to the customers.

Channels-Pathways to the Market

A business is a retail operation if it sells most of its products to the ultimate consumer, i.e. one who used the product for his own personal use with no intent of reselling them for a profit. Just because a store outlet is in a certain location and carries antique furniture in its inventory is no assurance that most of the products sold are to ultimate consumers. Most retail stores do sell the majority of their products to ultimate consumers, but antiques retailing is unusual. A large portion of the total sales of a Dallas retail antiques store is not retail. Most sample dealers reported selling less than 100 per cent of their furniture to ultimate consumers. Only one respondent said all of his sales were to people who buy the products for their personal enjoyment. In the Dallas antiques business it is common practice for retailers to sell their products to other retailers and wholesalers, i.e. buyers who pur-
chase the furniture for business purposes only (resale). The selling of products to other businesses is not common in most other retailing.

While most Dallas dealers sell the majority of their products at retail, some attested that their wholesale business is substantial. Eighteen respondents (62%) said their antique furniture sales to ultimate consumers account for 50 per cent or more of their total revenue, but 11 others (37.9%) attributed less than 50 per cent of their sales to customers who buy the pieces for their personal consumption.

There may have been some confusion among a few respondents when attempting to estimate the percentage of their antique furniture sales to ultimate consumers as opposed to sales to other business people because interior decorators and designers many times act as middlemen between the retailer and the ultimate consumer. So, even though the furniture sold may ultimately be to a customer for use in his home, in actuality the retailer may have sold the pieces to a decorator who bought for a client, the ultimate consumer. In that instance, the decorator or interior designer would be considered a broker (in the channel of distribution) working for a commission based on the purchase price of the furniture. A retailer who is familiar with the workings of the antiques business
will usually know decorators and will be aware of whether or not the furniture pieces sold are intended for ultimate consumer or wholesale use. It is important that an antiques retailer understand the intended use of the furniture and make the distinction among the buyers who purchase from him because, with this information, a dealer would be better able to distribute his products to the particular customer groups. The Dallas antiques retailers make this distinction since they sell some of their products to ultimate consumers and a portion to wholesale buyers through at least two different pathways or channels of distribution.

Sources of Inventory Varied

Just as each retailer wants to sell his products, each must also buy antique furniture in order to build an inventory. In most other retailing, the dealers buy their inventory from wholesalers or directly from manufacturers of the products. But in the antique furniture business, there is no manufacturing; so, as a result, no manufacturing entity can be a source of inventory. Twenty-five Dallas antiques dealers (86.2%) cited wholesalers, other retailers, or individuals as their major sources of supply for the furniture they carry. (A major source is one from which a dealer obtained 50 per cent or more of his antique furniture inventory.) (See Table XVIII for supply sources.)
TABLE XVIII
MAJOR SOURCES OF FURNITURE INVENTORY

<table>
<thead>
<tr>
<th>Major Source</th>
<th>Number of Dealers Citing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Dealers</td>
<td>12</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>7</td>
</tr>
<tr>
<td>Individuals</td>
<td>6</td>
</tr>
<tr>
<td>Auctions</td>
<td>4</td>
</tr>
<tr>
<td>Estate Sales</td>
<td>1</td>
</tr>
<tr>
<td>Any Sources Available</td>
<td>4</td>
</tr>
</tbody>
</table>

The fact that six antiques dealers cited individuals as a major source for their inventory pieces points out an area of store operations in which antiques retailing differs from the retailing of new products. It is very unusual in most retailing, but rather common in antiques retailing, that the individual consumer would serve as a source, in fact, an important source, for obtaining merchandise to resell. A somewhat negative aspect of purchasing inventory mainly from individuals is that this source could not be very dependable, so much time would have to be spent by the dealers in seeking out the products to buy. Essentially, the antiques dealer who utilizes private citizens as a major source is placing himself in a rather vulnerable position because the sources are neither well established nor dependable.
Surprisingly, auction houses and estate sales only served as important supply sources for five (17.2%) of the Dallas dealers sampled. One might expect that auctions and estates would be very important sources for antiques retailers because of the amount of media attention given to antiques traded through them. According to the Dallas retailers studied, however, these distribution channel members (auctions and estates) represent only minor sources for their furniture inventory. In fact, only eight dealers indicated that they even visit an auction on a regular basis to view potential furniture purchases.

Four antiques dealers, in explaining their supply sources, implied that antiques buying is done somewhat by an unstructured, unscientific method. These four retailers stated that they buy their antique furniture from any source available. In other words, these four had no dependable sources to supply them with furniture pieces. Their channels of distribution were very unstructured and, because of this, their buying function operated in a haphazard and unpredictable fashion. This unreliable method of buying inventory gives these dealers no assurance of a steady supply source, and, as a result, buying costs are increased, and the dealers are forced to devote time to buying that could be more profitably spent on other store marketing decisions.
Forecasting and Purchasing Also Done Informally

Before an antiques furniture dealer can buy inventory for his store, he must try to determine which pieces his customers will want to purchase. In forecasting which particular furniture pieces will sell, and therefore which ones to buy, the Dallas antiques retailers use a process that depends exclusively on their experience, intuition, and/or personal likes and dislikes. The following explanations as to how the antiques dealers determine which particular pieces will sell in their stores reveal the informal nature of their inventory purchasing decisions. The Dallas dealers monitor their store sales and purchases by the following means:

"instinct"
"experience"
"usually sell what I like"
"know the fads, know the market"
"haphazard."

Only three antiques retailers (10.3%) reported that they utilize more formal or structured methods of determining what pieces will sell and which ones to purchase. (A sophisticated forecasting technique such as trend analysis would be considered a formal method.) But, these dealers, by way of their explanations, revealed that they actually employ informal means. Their explanations were
"fads, fashion in style to buy"
"trial and error"
"trial and fads."

Eight retailers (27.5%) said that their purchase decisions are based on their own tastes; they buy for their customers, but they also buy for themselves. Eight others mentioned that they buy some furniture pieces only after they receive specific customer requests for the pieces.

This widespread use of informal forecasting and purchasing methods indicates that the average Dallas antiques dealer has and must have a very close relationship with his customers so he can adequately judge their desires for antique furniture. This close market scrutiny is fine, even desirable, but there are also drawbacks to the use of experience and intuition alone to anticipate market fluctuations.

One limitation that stems from informal forecasting is that trial and error methods are unreliable, and the errors that sometimes result from the market trials can be large in terms of the costs to a particular dealer. Another limitation is the same as mentioned above in terms of a dealer's time allocation devoted to buying. Because of these unreliable and unorganized methods of forecasting sales and buying merchandise, an inordinate amount of a dealer's time must be spent on the buying
function. If his buying decisions were more organized (possibly with the help of a small business computer and the proper software packages), some of the antiques dealer's time could be better utilized to fulfill other of his managerial duties, and lower business costs along with increased profits would be possible.

**More Importing Than Exporting Through Dallas**

Much more antique furniture is imported to the United States than is exported, at least through the Dallas market area. The majority of the sample respondents import some merchandise, but very few sell to customers located outside the United States. Eighteen dealers (62%) purchase a portion of their furniture inventory from sources outside the United States, and five of these reported buying their total inventory (100%) in foreign countries. On the other hand, ten Dallas retailers (34.4%) obtain all of their inventory domestically; they have no sources outside the United States.

The amount of antique furniture destined to foreign countries from the Dallas retailers is small according to the sample respondents. Twenty-three dealers (79.3%) reported that 100 per cent of their sales are to customers who live in the United States. In other words, these respondents do not export any antique furniture directly from their stores. Of the six retailers (20.6%) who do export
merchandise directly, the largest amount of furniture sold by any one respondent represents only 25 per cent of the sales.

In the Dallas retail antique furniture business, a lopsided (but understandable) picture of the international channels of distribution exists. Since much of the antique furniture sold in the United States is of European origin, it is not surprising that most of the Dallas dealers import at least some of their inventory, and, given the localized nature of most retailing and the bulkiness of the products sold by the respondents, it is not unusual to find that so little antique furniture flows from the Dallas area to customers in foreign countries.

**Channels of Distribution--A Summary**

Most Dallas antiques dealers participate in at least two channels of distribution when trading their furniture. One channel or pathway is formed in the situation in which the dealer acts as a middleman between a wholesaler or other retailer and the ultimate consumer. This same antiques dealer may also act as a middleman who bridges the gap between himself and the other business people who buy the furniture to resell. Most Dallas antiques dealers serve at least two distinct markets (the ultimate consumer and the wholesale market), and these two call
for two different distribution channels so they can be
reached with the products they demand.

The sample furniture dealers obtain their inventory
from various sources. Most supply sources are established
antiques businesses such as other retailers, wholesalers,
and auction houses, but several dealers purchase their
furniture from rather unreliable sources. Those retailers
who have no stable inventory sources place themselves in
a rather precarious buying position that serves to increase
their purchasing costs more than is necessary. Buying
costs are also increased because of the widespread use of
informal forecasting and purchasing methods utilized by
the dealers.

There is evidence among the Dallas retailers that
channels of distribution which originate in foreign
countries exist mostly for the purpose of importing a
portion of their inventory to the United States. Because
the volume of furniture exported is much smaller than
that imported, very few channels have been established
from the Dallas area retailers to foreign buyers.

**Physical Distribution**

The second subarea of distribution decisions encoun-
tered by an antiques dealer concerns the physical movement
of his antique furniture both to and from the store loca-
tion. In antique furniture retailing, as in the retailing of
other heavy and bulky products, the physical movement of
the merchandise becomes a major consideration. A retailer's
decision concerning the delivery of furniture is important
because it affects the condition of the pieces and whether
or not the dealer receives the products at the time and
location needed.

Every Dallas antiques dealer indicated that he utilizes
motor carrier for the shipment whenever he provides for
the delivery of antique furniture (both to and from his
store). Motor carrier is the predominant mode of trans-
portation employed even though three other modes--water,
air, and rail--are used occasionally. When water, air,
or rail are used for physical shipment, they are combined
in some fashion with motor carriage. Dealers who import
a large percentage of their inventory from Europe utilize
containerization (standardized metal shipping containers)
and intermodal transportation by combining water and motor
carriage. (Refer to Table XIX.)

TABLE XIX
TRANSPORTATION MODES UTILIZED BY DALLAS RETAILERS

<table>
<thead>
<tr>
<th>Transportation Mode(s)</th>
<th>Number of Dealers Citing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Carrier</td>
<td>29</td>
</tr>
<tr>
<td>Water and Motor Carrier</td>
<td>8</td>
</tr>
<tr>
<td>Air</td>
<td>4</td>
</tr>
<tr>
<td>Rail</td>
<td>1</td>
</tr>
</tbody>
</table>
Eight dealers (27.5%) use water carriage from Europe to Houston, Texas, then motor carriage from Houston to Dallas. Four respondents (13.7%) reported that they occasionally receive merchandise via air freight, and only one dealer (.03%) ever uses rail transportation to ship his furniture.

That antique furniture is shipped mostly by motor carrier is not surprising given the attributes of this transportation mode and the characteristics of the furniture. Trucks, as opposed to air carriers, are better suited to ship heavy and bulky products in large quantity. Motor carriage is faster than rail and less damaging to fragile products, and water carriage must be supplemented to complete the overland route to the retailer's location.

Customers Arrange For Their Own Delivery

Rarely do the Dallas antiques retailers arrange for the physical distribution of furniture sold to their customers. Twenty dealers (68.9%) reported that they expect their customers to provide for merchandise delivery themselves, i.e. they provide no transportation service for their customers. Six dealers (20.7%) qualified their responses, however, and said they would make the delivery arrangements in some instances if the amount sold was large enough to warrant the expense, and the
delivery service was necessary to consummate the sale. These six dealers indicated that they would not quibble over physical distribution arrangements to a customer if a substantial furniture sale appeared in jeopardy.

If, in fact, the majority of the Dallas dealers have a strict policy whereby they provide no delivery services for their customers, and this policy decision becomes well known in the market, many potential customers could be turned away (without the dealers' knowledge) from buying their furniture. But, if a dealer really will arrange for the physical delivery of furniture in the instances of large sales, then it would be to his marketing advantage to advertise the policy so as to reassure potential customers concerning the service.

**Physical Distribution--A Summary**

An antique dealer's decisions as to the physical movement of the furniture have an important impact on whether or not he will receive and ship the pieces in good (undamaged) condition and will affect the timing and location of the delivery. All Dallas antiques retailers utilize motor carriage to some degree (either exclusively or in combination with other modes). Trucks are used to such a great extent because this mode offers the best mix of safety to the furniture and speed of delivery.
Even though most of the sample respondents indicated that they do not provide for any delivery of their merchandise sold to customers, many would not enforce this strict policy if a sale depended on the provision of the service. If the dealers would advertise or otherwise promote their flexible merchandise delivery policy (which is more accurate anyway), more potential furniture buyers would be attracted to their stores, and, once attracted, could be encouraged to buy more furniture pieces.

Segment II--Pricing Decisions and Policies

Introduction

Pricing decisions and policies, as adhered to by the Dallas antiques dealers, was the second element of the marketing mix explored by the researcher. These internal company decisions and policies which determine the prices offered and ultimately charged for products or services sold, are important to any business for two fundamental reasons: one is economic and the other is psychological in nature. From an economic perspective, the prices received for a business's products and services have a major impact on the revenues, profit, and ultimate success of the business. Pricing is a critical factor that determines whether the business will be a success or a failure. Psychologically, the prices charged, more
times than not, reflect the quality of the products or services offered for sale, and thus either encourage customers to buy or discourage them from buying.

Antique furniture retailers, similar to other business people, must formulate proper pricing policies and make good price decisions so their dealerships can remain in healthy economic condition. The particular prices charged for furniture will help determine whether a dealer will realize a profit or a loss in his store operations. From a psychological point of view, the prices offered to the customers reflect (to a degree) the quality of the furniture pieces sold by the retailer.

Another facet of the pricing element is its flexible nature in internal business operations. The other three marketing mix elements—distribution, product, and promotion—are relatively inflexible compared to pricing, in that the management decisions concerning them, once instituted, cannot be changed rapidly. For example, in antiques retailing it is much easier to lower the price on a piece of furniture than it is to find another buyer (distribution), sell another piece of furniture (product), or place a new advertisement (promotion). Because of this flexibility then, prices are utilized by antiques dealers (and other business people as well) as short-run tools that can be adjusted quickly in case the other marketing mix elements have not been properly synchronized
to appeal to the market sought. A word of caution, however, lest the reader be misled. Antiques dealers, as well as other managers, do not want to continuously adjust prices because of the economic and psychological ramifications cited above, so it is imperative that proper prices (those that will provide economic incentive to the business and be psychologically attractive to the intended market) be decided upon initially and offered to the customers. Selecting realistic prices to charge for antique furniture is not an easy task, however, because of the many variables or determinants that play a role in the retailer's decision.

**Basic Determinants of Furniture Prices**

The Dallas antiques dealers are limited and guided, just as are other retailers, by economic and psychological supply and demand factors when attempting to formulate prices for their furniture pieces. As will be illustrated later, however, antiques dealers depart somewhat from the pricing practices of new product retailers in the degree of flexibility they exercise in determining specific prices. Before arriving at specific prices for individual pieces, a general pricing level or basic price beginning point must be decided upon by a dealer. Several important factors cited by the Dallas antiques retailers, that serve as basic price determinants for their furniture,
are summarized into supply and demand categories and
presented in Table XX.

**TABLE XX**

**BASIC DETERMINANTS OF ANTIQUE FURNITURE PRICES**

<table>
<thead>
<tr>
<th>Supply Factors</th>
<th>Demand Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise cost plus mark-up</td>
<td>General demand</td>
</tr>
<tr>
<td>Repair and refinishing expenses</td>
<td>Going price</td>
</tr>
<tr>
<td>Scarcity of the piece</td>
<td>Market value</td>
</tr>
<tr>
<td>Condition of the piece</td>
<td>Desirability</td>
</tr>
<tr>
<td>Provenance of the furniture</td>
<td>Fashionability</td>
</tr>
<tr>
<td>General quality</td>
<td>Fair prices</td>
</tr>
<tr>
<td>Authenticity of the piece</td>
<td>Collectibility</td>
</tr>
<tr>
<td>Uniqueness of the piece</td>
<td></td>
</tr>
</tbody>
</table>

The fundamental factor most often mentioned by the Dallas antiques dealers as a basic resale price determi-
nant was the dealer's merchandise cost plus his required mark-up (an amount that is added to the merchandise cost that is used to cover his store expenses and provide for his profit). Cost plus mark-up is not a surprising ingred-
ient in antique furniture price determination because it serves as a major factor in the price determination of almost all products. But, many of the other supply and demand factors considered important by the Dallas dealers serve to illustrate pricing decisions that are unique to antique furniture retailing.

Even though cost plus mark-up (a supply factor) was the most pervasive ingredient cited in the formulation of
basic retail furniture prices, other supply factors and many demand determinants were just as significant to the dealers. Repair and refinishing expenses, scarcity, condition, provenance, and the general quality of the pieces were also classified (by the researcher) as supply determinants, while general demand, going price, market value, desirability, popularity, fashionability, fair prices, and collectibility were grouped as demand factors. According to the Dallas dealers, the supply oriented determinants as well as the demand factors work together in about equal proportion to help them arrive at basic, beginning prices for their furniture pieces. If supply determinants such as merchandise cost plus mark-up play a significant role in setting a retail price offering, those factors may well be tempered or altered by an individual retailer because of more pressing demand ingredients facing him. Because a retailer's furniture prices can be altered, and are forced to be in many instances, the dealer must use flexibility in his pricing policies and decisions. The Dallas antiques dealers exercise a large degree of price flexibility which represents a departure from the operating price procedures that exist in the retailing of many new manufactured goods. The amount of price flexibility possessed by the average Dallas antiques dealer is illustrated throughout the following discussion concerning several pricing practices in which they engage.
Average Furniture Mark-Up Unclear

After a basic, beginning price for furniture has been established, specific prices must then be determined from the individual dealer's pricing practices. In arriving at specific prices to offer the market, many retailers begin the process with the merchandise cost, then add some mark-up amount to cover their individual store expenses and to make a profit. In the retailing of new manufactured products, this amount or percentage mark-up can be rather standardized or at least well known by all retailers, however, there is no industry standard or usual mark-up amount or per cent that is routinely added to the delivered cost of the furniture. Every retailer in this market behaves differently and will place a mark-up on his furniture that is not exactly comparable to that of another retailer. When attempting to estimate a "usual" mark-up on their furniture pieces, most dealers could not do it with any degree of accuracy. Several dealers estimated a percentage mark-up that they try to receive through their prices, but they also qualified their estimates by warning that the amount they want is many times not the amount they actually receive.

Eight dealers (27.5%) reported that they try to "double their money" (obtain a 100 per cent mark-up over merchandise cost) on their antique furniture. The other
antiques dealers in the sample either could not estimate a normal mark-up or reported that they had no established amount to add to their wholesale cost.

If an antiques dealer seeks a 100 per cent (or any standard percentage) mark-up based on cost, he may never actually receive that percentage because of the nature of the products he is selling and/or the state of the market. Any one of the aforementioned supply or demand factors that impinge on a retailer's pricing decisions may come into play and force him to alter his specific price offers (either increase or decrease them) to his customers. An antiques dealer may actually receive a 200 per cent mark-up on furniture products bought at lower than normal costs or sold dearly because of high demand at the time of the sale. Conversely, a retailer may lose money on certain pieces if the demand for the furniture is down or if the piece is not an authentic antique, but was purchased as such. Other pricing policies, besides the attempted mark-up amount, affect the specific prices charged by antiques dealers, and these too are not standardized or necessarily "normal" throughout the Dallas industry.

Delivery Charges Are Extra, With Exceptions

Whether or not an extra charge is levied for the delivery services provided by a retailer to a customer will
affect the final price received for the furniture sold. This price will, in turn, have an impact on the retailer's overall profit picture, so good management decisions in this pricing area are important also.

According to the majority (20 or 68.9%) of the Dallas antiques dealers, any local delivery charge, if one existed, would not be included in the prices charged for the furniture pieces. And, as expected, a larger majority, 25 retailers (86.2%), said they do not pay any freight costs for shipments to any out-of-town customer. From the customer's viewpoint, these extra delivery charges would just serve to increase the price of the furniture he is buying. Because the customer's price for furniture could be lower if a retailer absorbed all or some of the delivery charges (or spread the fee over his inventory), those antiques retailers who do pay a portion of the freight have a (perhaps economic, but certainly psychological) competitive edge over those who do not. Approximately one-fourth of the sample dealers do, in fact, take advantage of this delivery fee competitive edge. Eight Dallas dealers (27.5%) reported that a delivery charge is already included or allowed for in the prices for their furniture pieces. In other words, these eight are the exceptions to the majority of retailers who charge an extra amount for furniture delivery to local customers.
Of course, one could argue that the retailers who charge extra for furniture delivery also offer lower initial prices for their products. This is certainly a logical argument, but as stated earlier in the pricing introduction, pricing practices have a psychological dimension also, and many customers will feel they have struck a better bargain (been given a better deal) if no extra charges are added to a price, even if the initial price is higher to cover the delivery charges. The exceptional Dallas antiques retailer who "pays" for the delivery of furniture pieces (includes the fees in his initial prices) enjoys a competitive edge (psychologically at least) over the majority of the antiques dealers who charge extra for the service. Those retailers who add a delivery charge to their furniture prices would do well to rethink their pricing practices in this area because some potential customers could be lost to their competition for psychological reasons alone. And, if customers begin to buy from the competitive retailers, for whatever reason, there would, of course, be an economic loss to the dealers who lost their business.

A few Dallas antiques dealers even extend this delivery charge competitive edge to customers who reside outside the Dallas metropolitan area. Four retailers (13.7%) reported that they include in their initial furniture prices a portion of the freight charges to
out-of-town buyers. These four pay only part of the
delivery charge (from five to ten per cent of the total
shipment fee), and the amount absorbed depends on the
quantity of furniture bought, but the point is that these
exceptional dealers do recognize and make an effort to
meet the furniture delivery needs of their customers.
Because of their extra effort in providing for their
customers' delivery needs, these antiques dealers possess
an edge over their competitors, and their decision to in-
clude in their prices some delivery fees makes their mar-
keting job easier and more profitable.

Negotiation and Barter Widespread

As stated earlier in the introduction to pricing, the
price element of the marketing mix is the most flexible
component because it can be adjusted rapidly to meet the
needs of the market. But, a dealer does not want to con-
tinuously change his prices if the initial price offers
are needed to meet his revenue and profit requirements.
The two practices of negotiation and barter are widespread
in antiques retailing, and both affect a dealer's pricing
decisions and the final prices he will receive in ex-
change for his furniture. Each antiques dealer must de-
cide whether he will barter furniture pieces or not.
Both pricing practices affect a dealer's internal store
operations and, therefore, require managerial decisions.
The Dallas antiques dealers were evenly split in their responses to price negotiations and barter practices. One-half of the dealers reported that they do negotiate prices with customers. The other 50 per cent indicated that they hold firm on the prices they charge.

Each policy (negotiation or holding firm) has unique marketing advantages to the dealer who adheres to it. Negotiation can be attractive to a customer if he wants and expects to bargain so as to obtain lower prices. If a dealer "comes down" on his prices, the customer may feel he has struck a better deal for the furniture. If a dealer holds firm on all prices to each buyer (a one price policy), the customer will learn to trust the dealer and feel that he is being treated like everyone else, and that the next customer has no chance of receiving a similar piece of furniture at a lower price. Whichever policy a dealer decides upon, however, must be adhered to so customers will know what to expect in that individual antiques store. It would be a marketing mistake for a dealer to negotiate with some customers, but hold to firm prices with others, because an inconsistent policy would create unnecessary confusion among customers. So, even though an antiques dealer possesses the flexibility to lower or maintain his initial furniture prices, he must exercise
caution so his customers will learn to trust his practices and feel comfortable buying from him.

A consistent policy is also necessary when a dealer decides whether or not to barter furniture pieces. One-half of the Dallas retailers reported that they barter furniture pieces with customers, and the other half said they do not. A managerial policy to barter furniture is an important decision by any antiques dealer because bartering (unlike negotiation) directly affects all elements of a retailer's marketing mix. The furniture received by the dealer must be traded again and delivered (distribution); the piece received must be consistent with the dealer's existing inventory (product); information concerning the new piece will have to be communicated to the market (promotion); and a decision as to the relative values of the furniture pieces traded must be agreed upon (price).

Even with the complexity of the barter transaction, many antiques dealers (50 per cent) in Dallas consider the practice necessary to their operations. The dealers who refuse to barter might do well to reconsider their decision. As stated earlier in the discussion concerning antiques distribution, ultimate consumers often serve as important sources of a dealer's inventory. If consumers know a dealer will barter or exchange furniture,
they will be more apt to bring to the market (to those dealers who will barter) their pieces to trade. If the dealers who do not barter changed their policy, they could open up new supply sources from customers who want to barter furniture. These new supply sources, then, would allow the dealer more access to fresh inventory and a wider customer group with whom to trade.

**Antiques Appreciate in Value, but Caution Is Necessary**

Part of a dealer's decision to formulate specific price offers for his furniture is the current value as well as the expected value of the pieces. Psychologically, the prices charged for furniture reflect the quality of the pieces and the value placed on them by the market. In order to determine current prices and to anticipate future prices, a dealer and a customer must attempt to forecast the future value of the pieces. It is generally agreed, according to a majority (24 or 82.7%) of the Dallas antiques dealers, that antique furniture appreciates in value and serves as a hedge against inflation. Knowing or believing that this appreciation in value will occur (and possibly the reasons for the appreciation) gives confidence to both buyers and sellers when trading antique furniture at particular prices.

Even though most Dallas antiques retailers agreed that antique furniture appreciates in value, they differed
when citing the reasons or causes for the appreciation. 
(See Table XXI).

TABLE XXI

MAJOR REASONS FOR VALUE APPRECIATION
OF ANTIQUE FURNITURE

<table>
<thead>
<tr>
<th>Reason</th>
<th>Times Reason Mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better quality of antique furniture compared to new furniture</td>
<td>9</td>
</tr>
<tr>
<td>Scarcity of antique furniture</td>
<td>8</td>
</tr>
<tr>
<td>General supply and demand</td>
<td>7</td>
</tr>
<tr>
<td>General inflation</td>
<td>4</td>
</tr>
</tbody>
</table>

Nine antiques dealers indicated that a major cause of the appreciation in value of antique furniture is the belief (among customers as well as themselves) that antique furniture is of better quality than new furniture. Because of the fact that antique furniture has been in existence for many years, it is believed (among those who trade antiques) that they are of better quality. Fifteen dealers cited the scarcity of antique furniture and general supply and demand (with demand exceeding supply) interaction as major reasons for value appreciation. Because antique furniture is no longer manufactured, the supply cannot be increased easily whenever demand becomes strong. When demand is large, the pieces become
scarce and the value of the existing furniture on the market rises. One must exercise caution in the belief that all antique furniture appreciates in value, however, because it does not.

Several Dallas dealers qualified their responses concerning general appreciation when they said that not all antique furniture appreciates in value. As one respondent stated, "Being an antique doesn't make it valuable." Other dealers warned that while some categories of antiques such as the oldest, rarest, and the finest pieces do appreciate in value, some do not because of the changing supply and demand for particular styles and pieces.

If a customer expects to sell an antique piece of furniture with the intention of realizing a profit from value appreciation, the timing of the sale is important. Several retailers cautioned that an owner cannot simply sell an antique piece of furniture at any time and expect to make money. Pieces must be held for a time period usually (sometimes quite a long period) before any gain can be realized. One can assume, then, with a degree of confidence that antique furniture does generally appreciate in value, and that specific prices charged for furniture pieces will reflect this value and will probably increase in the future. But, any antique furniture owner must also be knowledgeable of the particular pieces
he holds and the market supply and demand factors that change and affect the prices for furniture. Caution must be exercised whether in buying or selling antiques because the timing of the transaction will always be a factor in the investment, and the certainty of value appreciation is not assured.

Pricing Decisions and Policies--A Summary

The second element of the marketing mix explored by the researcher was pricing decisions and policies as formulated and implemented by the Dallas antiques dealers. Good decisions in this critical area of the dealers' internal operations are necessary for the economic and psychological well-being of the businesses.

The basic supply and demand determinants of antique furniture prices were explained, and then management decisions and policies that affect the specific furniture price offers by individual retailers were discussed.

Generally, the Dallas antiques dealers exercise a large degree of individual flexibility when arriving at prices for their particular inventory pieces. This degree of pricing flexibility is illustrated by the retailers through their mark-up, delivery charge, negotiation, and barter policies which were also covered in this segment.

A pervasive element that affects the pricing of antiques is the widespread belief among dealers and con-
sumers alike that antique furniture appreciates in value. Most people in the industry agreed that antiques do appreciate in value, but several dealers warned that anyone interested in antiques (either a buyer or a seller) must exercise caution in this belief.

Segment III--Characteristics of the Products

**Introduction**

Antiques dealers market more than just a physical product when they trade antique furniture. The physical piece and its utility are, of course, part of the product being sold, but there are also other important intangible attributes of the furniture being traded. A customer who purchases antique furniture is also buying the history of the piece, the retailer's image and guarantee of authenticity, the status of owning an antique, and other such intangible characteristics that are sometimes difficult to fully understand. It is very important, though, for the individual retailer to try and understand exactly what product attributes (both tangible and intangible) he is offering to his market. This knowledge is necessary to his retail operations so he can both coordinate his distribution, pricing, and promotion decisions with the product element and implement the resultant policies that will satisfy his customers and return to him a suitable profit.
Defining An Antique—Agreement and Disagreement Abound

It is of utmost importance that an antique furniture dealer define and understand, as much as possible, the products he is offering the market. This definition is necessary because it will affect his management decisions in the other marketing mix components. For example, whether a furniture piece is an authentic antique or not depends on how "antique" is defined, and this definition, in turn, will determine somewhat the value of the piece and the price at which it will be traded.

Most Dallas antiques dealers did agree on one ingredient that must be present in defining a piece of furniture as antique. When asked to give their personal definition of an antique, 22 dealers (75.8%) cited 100 years old or older as being the crucial determinant of an antique. Seven retailers (24.2%) did not mention that time period as being the key to an antique. (The 100 year period is an ingredient in the legal definition of an antique. This definition is used by the United States Customs Bureau for importation and tax control. See Chapter II of this study for the legal definition.) The definitional requirements given by the sample retailers are presented in Table XXII.
TABLE XXII

DEFINITIONAL REQUIREMENTS FOR AN ANTIQUE

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Number of Dealers Citing</th>
</tr>
</thead>
<tbody>
<tr>
<td>One hundred years old or older</td>
<td>22</td>
</tr>
<tr>
<td>Hand-made</td>
<td>5</td>
</tr>
<tr>
<td>Of a period</td>
<td>4</td>
</tr>
<tr>
<td>Other requirements excluding age</td>
<td>7</td>
</tr>
</tbody>
</table>

Many of the respondents who included the 100 year time period as a requirement to define an antique qualified and broadened their answers somewhat. For most dealers, 100 years is the important (and legal) ingredient in the definition, but for these retailers other attributes must also be present for an antique to be authentic in their minds. Five dealers said the piece must be hand-made, and four respondents mentioned that a piece of furniture had to be "of a period" or a "period piece" to qualify as an antique. (A period or era is a certain historical time period that is defined and recognized within the antiques trade. Each period is named and is marked by beginning and ending dates. For example, furniture made during the Queen Anne Period from 1720 to 1775 would be classified as antique, not only because it is over 100 years old,
but also because it is of or from the Queen Anne era and was designed and styled according to the influences at that time.)

The interesting and significant point concerning the definition of an antique is that even though the majority of dealers (75.8%) cited 100 years or older as an important factor, they qualified their answers by stating that other ingredients, too, were necessary for proper definition. Also of importance, and a fact that makes the definition somewhat less than clear-cut, is that seven dealers (24.1%) or one-fourth of the antiques retailers, did not even mention a specific number of years as an important factor in defining antiques. (Review Table XXII.) These seven indicated through their explanations that age is not necessarily an important requirement in the definition of an antique. (One dealer specifically pointed out that age is irrelevant in defining an antique as long as the object in question is no longer manufactured).

As can be deduced then, from definitions given by the Dallas antiques dealers, there is some agreement among the retailers as to an age requirement (100 years old or older) in defining an antique. What can cause confusion (among dealers and the public alike), however, is the fact that a proper definition of an antique consists of more components than just an age requirement (according to most dealers), and that those who trade antiques
disagree among themselves as to the exact characteristics. The seven Dallas retailers who deviated from the majority and did not include an age requirement when explaining their definitions of an antique cited one or more of the following tangible and/or intangible qualities as necessary ingredients:

"pre-machine age"

"not produced today"

"craftsmanship and good quality"

"quality wood and carvings"

"interesting pieces, old pieces, humble things"

"cannot be purchased other than at antique shops"

"construction of the piece, beauty, woodwork"

To further illustrate the amount of disagreement that exists among industry members over the exact meaning of an antique, only half of the Dallas antiques dealers (15 or 51.8%) reported that auction houses (wholesalers) and other members of the antiques business would agree with their definitions. Nine dealers (31%) did not know whether other practitioners would agree with them or not, and five retailers (17.2%) perceived that others would not agree with them. (See Table XXIII.)
TABLE XXIII
PERCEIVED INDUSTRY AGREEMENT WHEN DEFINING AN ANTIQUE

<table>
<thead>
<tr>
<th>Perceived Agreement</th>
<th>Number of Dealers Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others would agree</td>
<td>15</td>
</tr>
<tr>
<td>Do not know (unsure of amount agreement)</td>
<td>9</td>
</tr>
<tr>
<td>Others would not agree</td>
<td>5</td>
</tr>
</tbody>
</table>

Product Identity Confusion Produces Marketing Complexity

According to the Dallas antiques dealers, and confirmed by the literature (See Chapter II of this study), there is some but by no means complete agreement as to what constitutes an antique piece of furniture. Because no precise definition of antiques is recognized among those who market them, confusion in the industry is very common. If the dealers who sell antique furniture cannot agree as to exactly what it is they are selling, there is no doubt that the customers who buy the pieces are also confused. This amount of confusion as to product definition makes the marketing process for antiques much more complex than it would be if the products were defined more precisely.

An example of the complexity that exists in the marketing of antique furniture can be illustrated by the amount
of difficulty encountered by antiques dealers when they buy furniture for their inventory. According to almost half of the Dallas antiques retailers (44.8%), the recognition and definition of an antique piece of furniture is relatively difficult in today's market. (Refer to Table XXIV.)

TABLE XXIV
LEVEL OF DIFFICULTY ENCOUNTERED WHEN IDENTIFYING AN ANTIQUE

<table>
<thead>
<tr>
<th>Level of Difficulty</th>
<th>Number of Dealers Citing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult or very difficult</td>
<td>13</td>
</tr>
<tr>
<td>Easy or very easy</td>
<td>10</td>
</tr>
<tr>
<td>Depends on experience</td>
<td>6</td>
</tr>
</tbody>
</table>

Ten dealers (34.4%) reported that it is easy for them to identify an antique, and six retailers (20.6%) essentially said, not surprisingly, that the recognition of an antique under current market conditions depends on one's experience in the business.

That almost half of the Dallas retailers find it a relatively difficult task to recognize the products they buy and sell has a major impact on their marketing practices. If these dealers are not sure of the authenticity, the history, the style, or other attributes of importance in product identity, they will certainly have trouble
judging the proper value of any given furniture pieces. This problem of correct antiques identification could then lead to incorrect pricing and promotion by a dealer and could foreseeably damage his reputation for integrity in the Dallas antiques industry. Also, because so many dealers have difficulty in identifying an antique, they are left open to the dishonest practices of any less than scrupulous supplier who would attempt to sell them fake or misrepresented antique furniture pieces. This concern by the researcher of dealer vulnerability is not without basis in the Dallas antiques industry. There exists evidence to support the contention that misrepresentation of antique furniture has, in fact, become somewhat of a problem to the Dallas antiques retailers.

**Misrepresentation--A Dallas Problem?**

If someone sells a piece of antique furniture and represents the piece as something it is not (such as 100 years of age when, in fact, it is only 70), and the seller knows the truth, then misrepresentation has occurred. The misrepresented piece is called a fake in the antiques trade. A reproduction, on the other hand, is a new piece of furniture that was manufactured to look like an antique style, but it obviously is not the original antique piece. There is no problem in antiques retailing if a reproduction is sold for what it is, but when a piece of furniture is
represented as something other than what it really is, the buyer has been tricked and a fake piece is in circulation. If the seller of the furniture knew the piece was fake and intended to trick or fool the buyer (so as to receive a higher price), then fraud has occurred in the transaction.

Almost one-half (13 or 44.8%) of the Dallas antiques dealers indicated that misrepresentation of antique furniture is a major problem in their business; nine of the dealers (31%) said they had actually bought pieces represented as antique that later turned out to be reproductions. But because 15 retailers (51.7%) did not consider the selling of fake pieces a major problem in their business and 19 dealers (65.5%) reported that they had never bought reproduced pieces represented as antique, misrepresentation in Dallas, at this point in time, is considered by the researcher to be a minor, but possibly growing problem.

It must be pointed out to the reader that the selling of a fake antique piece is not necessarily the fault of the one who sells it. As indicated earlier, in this segment, many dealers experience difficulty in recognizing an authentic piece. A fake piece of furniture (if it is well-made) can be traded several times in a channel of distribution before anyone discovers the truth. (In some instances a good fake may never be discovered.) The nine Dallas dealers who reported that they had purchased misrepresented antiques also explained their course of action
after their discovery. Each dealer informed the customer of the mistake, cut the price, and attempted to sell the piece as a reproduction. If this action was not possible (for example, if the customer did not want a reproduction), the dealer made reparation in some other fashion, such as buying the piece back. The dealer would then have to absorb his loss or contact his supplier for additional explanation and settlement. If an antiques dealer failed to seek out the customer who bought the misrepresented furniture and did not subsequently make amends for the mistake, his reputation as an honest dealer would be in jeopardy. And, if an antiques dealer's honesty is ever questioned or tainted, the resultant mistrust could ruin his business.

**Little Concerted Effort Exists to Control Misrepresentation**

As indicated by the majority of the Dallas antiques dealers, the misrepresentation of antique furniture is not currently a major problem, but there is evidence that the circulation of fake pieces could become more widespread in the future. First, almost half of the dealers (44.8%) did consider misrepresentation to be a problem, and second, according to 22 retailers (75.8%), either nothing is being done or they are unaware of any action being taken on an industry-wide basis to prevent antiques misrepresentation from occurring.
Seven Dallas retailers (24.1%) disagreed with the majority and indicated that there is a limited attempt by some groups to overcome or prevent antiques misrepresentation. Of these seven, five dealers said the effort is being actively pursued by various trade associations, such as regulatory bodies, appraiser societies, and antiques trade associations. Two retailers who reported a limited amount of effort and a few other dealers who thought that nothing is being done explained that basically the job of discovering a fake piece is the burden of the antiques buyer. Comments such as "the buyer beware," "deal with reputable dealers," and "it is an individual effort" are examples of their contention that only a small effort, if any, is being attempted. (It is a poor business attitude and a bad marketing practice, if a retailer wants to succeed, to take the position that the buyer of antiques needs to "beware" of the seller and the products being sold. If a buyer is fooled in the market place, many times he is not appreciative of the situation and will blame the seller for the problem, no matter who is actually at fault; and if enough customers feel they have been taken advantage of by a particular seller, that dealer's reputation and business will surely suffer.)
If there is no concerted effort to control the misrepresentation of antique furniture by industry-wide associations such as appraiser societies, then the Dallas antiques dealers (and their customers) are operating in an environment that is ripe for the fraudulent trading of antiques. If, however, some industry groups are trying to control the selling of fake pieces, and the dealers are just unaware of the efforts, then information about their attempts and the misrepresentation problem needs to be circulated among the retailers. The latter case seems to be the situation in Dallas antiques retailing. Because five dealers indicated that there is some industry-wide attempt to distribute relevant information about the trading of fake pieces, and because most dealers are unaware of that effort, good communications are obviously lacking and in need of improvement. Because of this lack of industry communication and the severe consequences that stem from the trading of misrepresented furniture, it is imperative that the Dallas antiques retailers seek more and better information about the marketing of fake antiques so they can educate their customers about the problem and be better able to pursue their legitimate business objectives.

Charactersitics of the Products--A Summary

The third component of the marketing mix concerns the tangible and intangible products offered by the antiques
retailers to their customers. In the Dallas antique furniture industry some agreement but more disagreement exists as to the correct definition of the products being traded. Even though it is not an easy task, proper definition of antiques is important because it helps to determine the value of the pieces traded and can affect management decisions and policies in other retail operational areas.

Because of the imprecise product definition and the confusion this produces, the retail marketing of antiques becomes a complex task for the dealers. Many antiques retailers in Dallas experience difficulty in recognizing and identifying authentic antiques, and because of this difficulty, they are in a somewhat vulnerable position when they buy and sell furniture pieces.

When purchasing antique pieces for their inventory, if the dealers experience product identification difficulty, they could buy furniture represented as authentic antique that is actually fake. And, if the dealers then sell these fake pieces (with or without full knowledge), their reputation as fair and honest business people is placed in jeopardy.

There is evidence to support the contention that the misrepresentation of antique furniture is a minor, but growing, problem in the Dallas area at present. And, to
make the situation worse, there exists little retailer awareness of any industry-wide effort to suppress or control the misrepresentation problem. It is definitely to the dealers' as well as to the consumers' advantage for the retailers to try and alleviate the lack of industry communication about misrepresentation so their overall marketing task can be improved.

Segment IV--Promotion Policies of the Dealers

Introduction

The purpose of this fourth and last segment of Chapter IV is to explain to the reader the major promotion policies as formulated and implemented by the Dallas antiques retailers. Promotion, the fourth component of the marketing mix, is comprised of three elements--advertising, personal selling, and sales promotion. (Advertising is a paid, non-personal form of communication done through a medium such as magazine or radio; personal selling is the personal deliverance of a company's sales message through a salesperson; and sales promotion consists of other communication techniques utilized by a company, such as business cards or special events. Sales promotion activities are used mainly to support the advertising and personal selling programs of a company.) These three elements of promotion are normally utilized in combination to communicate
information about a business and/or a business's products or services to its market. In order to communicate the proper messages to a company's market, management decisions and policies must be formulated so as to devise the right combination of advertising, personal selling, and sales promotion activities. In the area of advertising, management decisions must be made concerning the correct media to be used. For personal selling, a manager must make decisions as to the number of salespeople he can afford to hire and the method of compensation with which to pay them. Sales promotion decisions center around the number and kind of materials necessary to support the dealer's advertising and personal selling efforts. All forms of promotion are utilized in some fashion by the Dallas antiques retailers to communicate their sales messages to their customers, but advertising and personal selling are used by the dealers much more than are sales promotion activities.

Print Media Used to Advertise

The antiques retailers in Dallas utilize almost exclusively the print media as opposed to radio and television to carry their advertising messages. (See Table XXV.)
TABLE XXV

ADVERTISING MEDIA USED BY DALLAS ANTIQUES RETAILERS

<table>
<thead>
<tr>
<th>Medium</th>
<th>Number of Dealers Citing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas Yellow Pages</td>
<td>28</td>
</tr>
<tr>
<td>telephone directory</td>
<td></td>
</tr>
<tr>
<td>Newspaper</td>
<td>17</td>
</tr>
<tr>
<td>Direct mail</td>
<td>15</td>
</tr>
<tr>
<td>Magazine</td>
<td>14</td>
</tr>
<tr>
<td>Outdoor</td>
<td>3</td>
</tr>
<tr>
<td>Brochures</td>
<td>3</td>
</tr>
<tr>
<td>Radio</td>
<td>1</td>
</tr>
<tr>
<td>Television</td>
<td>0</td>
</tr>
</tbody>
</table>

Only one respondent included radio as a medium for his advertising, and television was not mentioned as a useful medium by any sample dealer. The most common (and presumably preferred) print medium used in the Dallas Yellow Pages telephone directory. Twenty-eight retailers (96.5%) buy space in the Yellow Pages. (The remaining sample dealer reported that he does not use this medium because he does not have a business telephone.) Newspapers, direct mailings to customers, and magazines are regularly utilized by seventeen, fifteen, and fourteen dealers respectively. Only three retailers (10.3%) each reported using outdoor (such as billboards) and brochures as advertising media to carry their business messages to consumers.
Given the two major advantages of the print media, it is not surprising that the Dallas antiques retailers rely almost totally on them to carry their advertising information. The print media are generally less expensive, in absolute dollars, than the electronic media, and the message via print lasts longer in the consumer's possession or on a billboard than is possible by way of radio or television.

Because advertising can only do part of a company's promotion task, it usually must be supplemented by either personal selling or some form of sales promotion. The Dallas antiques retailers proved to be no exception here. Personal selling and sales promotion are utilized by the Dallas retailers in varying degrees to support their advertising programs and to further educate their customers about antiques.

Customers Lack Information About Antiques

In order to understand more about the role of personal selling and its necessity in antique furniture retailing, the researcher first wanted to discover, in general, the degree of knowledge about antique furniture possessed by the average buyer. It was assumed that the less the customers know about the product class of antique furniture, the more the need for personal selling; and conversely,
the more knowledgeable the buyers, the less need of a personal selling explanation at the retail level. As can be seen in Table XXVI, slightly more than two-thirds (69%) of the Dallas antiques dealers perceived that their customers possess from an average degree (three on the scale) to a very limited degree of knowledge (five on the scale) about antique furniture. (The reader must be made aware that the scaling technique used presents just rough approximations by the dealers. It is not intended to reflect the actual degree of knowledge possessed by the Dallas antiques buyers.)

TABLE XXVI

DEGREE OF KNOWLEDGE POSSESSED BY ANTIQUES CUSTOMERS (as perceived by the dealers)

<table>
<thead>
<tr>
<th>Degree</th>
<th>Scale</th>
<th>Number of Responses</th>
<th>Percentage of Total Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledgeable</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>8</td>
<td>27.5</td>
</tr>
<tr>
<td>Average</td>
<td>3</td>
<td>8</td>
<td>27.5</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>10</td>
<td>34.4</td>
</tr>
<tr>
<td>Not knowledgeable</td>
<td>5</td>
<td>2</td>
<td>6.8</td>
</tr>
<tr>
<td>No response</td>
<td>1</td>
<td>3.4</td>
<td></td>
</tr>
</tbody>
</table>

Generally speaking, then, most Dallas antiques retailers perceive that their customers possess only a limited amount of knowledge about the products they are buying. Because
of this limited amount of product information possessed by the market, personal selling is critically needed (and is provided) as a promotion technique at the retail level to help customers with their product/service selections.

**Antiques Customers Rely Heavily on Personal Sales Information**

The Dallas antiques retailers supported the researcher's contention that the level of customers' understanding of the product class (antique furniture) is inversely related to the need for personal selling at the retail level of distribution. Twenty-five dealers (86.2%) reported that their customers depend mainly on them or their salespeople for information concerning antique furniture pieces. Only four respondents (13.7%) indicated that their customers do not rely on them for this knowledge, but instead already possess a general understanding of antiques.

In order to meet the informational needs of their customers and to better market their antique furniture, almost half of the Dallas antiques retailers (44.8%) employ personnel whose primary duties are sales related. Four dealers (13.7%) employ only one salesperson, eight (27.5%) have two, and one (3.4%) has three people on the payroll in sales positions. Fifteen dealers (51.7%) reported that they do not employ any salespeople. (See Table XXVII.)
This lack of sales personnel by the 15 dealers does not indicate, however, that the personal selling duties are slighted in their stores. If no sales personnel are employed in an antiques outlet, usually the store is small, and the manager/owner performs the sales function himself. Three-fourths of the retailers (75.8%) reported that they are the principal salesperson in their store; in other words, their customers depend heavily on them, and not on other salespeople (even if there are some) for information and help in selecting antiques.

This dependency by customers on the managers/owners, whether they employ salespeople or not, constrains productivity in the retailers' store operations. These limitations to productivity could be overcome if the dealers would revise their hiring and compensation policies to better accommodate their customers' informational needs in buying antiques.
Current Hiring and Compensation Policies
Inhibit Productivity--Need Revision

When customers depend too heavily on the antiques store manager/owner for product information, the dealer's productivity is more than likely reduced in two areas. One area concerns the amount of time a retailer devotes to his customers in a personal selling role, and the other deals with the selling productivity of the store's salespeople, if there are any. Customer dependency on a manager serves to limit the dealer in performing his other management/marketing tasks such as buying, advertising development, and accounting which many times take precedence over personal selling in his store operations. If salespeople are employed by a dealer to help customers, and the buyers continue to depend on the manager/owner for antiques information, then the current salespeople are not fulfilling their duties for which they are paid and their productivity falls. It is imperative that this customer reliance on the Dallas antiques managers/owners be reduced so productivity in these two operational areas can be increased. Either or both of the situations described above could be improved by the antiques retailers if they would review and alter their hiring and compensation policies concerning salespeople.
The 15 antiques dealers who do not employ any sales personnel should each consider hiring at least one person who could perform the necessary personal selling activities in their stores. By doing this the pressure to fulfill the personal selling function could be shifted from the managers to the salespeople. After the initial training period for the salesperson is completed and with the proper compensation package placed in force, the managers could devote more of their valuable time to other important management tasks.

It is not enough, however, just to hire new salespeople; the newly employed salespeople (as well as those currently employed) must also be encouraged to learn about antiques and salesmanship so they can service the customers properly. This encouragement could be achieved by the dealers if they would implement incentive compensation packages for their salespeople. Of the 13 retailers (44.8%) who employ sales personnel, eight (27.5%) pay their salespeople straight salaries which include no incentive features. The remaining five dealers (17.2%) do offer to their salespeople compensation plans which include a base salary plus incentive features such as commissions or bonuses. This incentive portion of the compensation package can be designed such that the salespeople would be encouraged to increase their individual productivity. If each salesperson's productivity were increased, store selling costs
would be decreased and/or sales would rise, and most importantly, customer dependency on the manager for antiques information would be reduced. Less customer reliance would, in turn, free up time for the manager which could then be devoted to his more demanding and many times more productive marketing/management duties that may take precedence over the personal selling activities.

**Competitive Edge Awareness is High**

In order to formulate better overall promotion decisions and policies, each antiques retailer must be aware of the unique qualities or advantages that his store offers the market. Each dealer must also try to understand how his store is perceived by the public so if his image is misconstrued, he can attempt to change it through various promotional activities.

So as to assess the level of awareness concerning each dealer's comparative advantage (competitive edge) among his peers, each retailer was asked to explain the unique features of his store compared to the other Dallas retailers. All respondents except one (96.5%) believed that they possess at least one competitive advantage over their industry counterparts. (The major advantages each dealer cited are presented in Table XXVIII.)
### TABLE XXVIII

**MAJOR COMPETITIVE ADVANTAGES AS VIEWED BY THE DALLAS RETAILERS**

<table>
<thead>
<tr>
<th>Competitive Advantage</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services supplied for the customers</td>
<td>14</td>
</tr>
<tr>
<td>Quality of merchandise offered for sale</td>
<td>12</td>
</tr>
<tr>
<td>Honesty, trust, or reputation of the dealer</td>
<td>11</td>
</tr>
<tr>
<td>Friendship relationship with customers</td>
<td>6</td>
</tr>
</tbody>
</table>

Fourteen dealers (48.2%) believed that the services they offer their customers is their principal competitive edge, and 12 retailers (41.4%) said customers primarily trade with them because of the quality merchandise they carry. Eleven dealers (37.9%) reported that they have a reputation for trust and honesty in the business, and six others (20.7%) said that their customers deal with them mainly because of a friendship relationship that has developed. (It must be pointed out that the comparative advantages cited are those as perceived by the dealers; these store characteristics may or may not be advantages as perceived by the customers.)

As can be deduced from the responses and from the number of dealers who were able to cite a perceived comparative advantage, the awareness level of at least one
competitive edge among the Dallas antiques retailers is very high. This high awareness level is significant because it has a major impact on the promotion policies and decisions as formulated by the industry members. Basically, each dealer's competitive edge is the principal attribute that can and should be promoted (by way of advertising, personal selling, and/or sales promotion) to the market. The major competitive advantages (which form a store image) of each antiques outlet should serve as a backdrop for each dealer's promotional themes; the advantages should be the major assets each retailer exploits in order to attract customers and develop their loyalty. It is very good, then, that each dealer is aware of his competitive advantages because through this awareness, each retailer can more fully develop his promotional activities, and therefore formulate a more successful marketing program for his store operations.

Promotion Policies of the Dealers--A Summary

The fourth and last marketing mix element of concern to an antiques dealer is his promotion decisions and policies. This component is important to any dealer because it is the means by which he communicates his sales messages to the market. To advertise properly a dealer must decide which media would be appropriate and cost
effective for his store. Most of the Dallas antiques retailers utilize various print media to carry their advertising messages, but personal selling is more heavily depended upon by the dealers to communicate with their customers.

Usually, personal selling as a form of promotion is relied upon when potential buyers need extensive product information and service at the time of sale. Such is the situation in Dallas antiques retailing, so many dealers either employ salespeople in their stores or perform the personal selling activities themselves. By performing the sales function themselves, however, the individual dealers are not utilizing their time as productively as they could, so improvements in the hiring and compensation policies that affect sales people are necessary.

In order to formulate better promotion policies, any antiques dealer needs to be aware of his marketing advantages compared to those of his peers. Each Dallas antiques dealer is very conscious of his comparative advantages, and therefore is in an excellent position to exploit the attributes and develop sound promotional programs that can only enhance his overall marketing effort.
CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This fifth and final chapter contains three parts. They are: 1) a summary of the research project, 2) conclusions drawn from the findings presented in Chapters III and IV, and 3) recommendations based on the literature and the conclusions.

PART I. SUMMARY

The general purpose of the study was to determine, analyze, and evaluate the basic nature of the distribution process involved in the marketing of antique furniture. The study utilizes the marketing mix components as a framework for understanding the nature of the industry.

After the literature search and review, primary data were collected, through personal interviews, from 29 retail antiques dealers located in the Dallas, Texas trading area. All sample members occupied senior positions in their firms and thus were suitable to provide the data sought.

The research questionnaire (see Appendix A) utilized both structured and unstructured questions so as to allow
some probing by the interviewer and to fit the objectives of the study. Summary statistics were used to group and analyze the responses and to present the findings. The exploratory subject areas as presented in Chapter I were used as a framework to report the findings. Conclusions drawn from the findings and recommendations concerning the industry and further study follow.

PART II. CONCLUSIONS

In Chapter I three major exploratory subject areas with relevant sub-areas or components were presented so as to provide direction for the research study. The three major subjects were a) the composition of the industry in Dallas, b) demographic characteristics of the market, and c) the marketing mix elements. These exploratory areas and related subjects serve as a framework to present the following conclusions drawn from the findings as presented in Chapters III and IV.

The Composition of the Industry in Dallas

Precise Sales Volume Figures Unknown

The size of the antique furniture business in Dallas, in terms of annual sales dollars or units traded, is not known according to the sample dealers. Neither individual dealers, nor antiques associations or clubs, nor government agencies keep account of the amount of antique
furniture traded. Of course, an interested researcher could simply sum all furniture sales of all dealers, but the data needed to accomplish this feat is not available to the public, if it is available at all. In fact, sales figures, broken down by products sold, are not even available to the dealers themselves because, apparently, there is no perceived need by the practitioners to do this. Perhaps data concerning the number of pieces sold are irrelevant to success in the antique furniture business, but this is doubtful. More likely, insufficient record keeping is the cause.

Since annual sales in neither dollars nor units can be determined and average mark-up figures tend to be meaningless, an average profit figure for the antiques business is also indeterminable. Some dealers may keep account of profit realized on individual furniture pieces, but this practice was not evident to the researcher.

Good Inventory Control Lacking

Because many dealers had no indication of the number of antique furniture pieces sold in their own stores and because other retailers could just approximate the number sold, it is evident that there exists a pervasive lack of good inventory control in Dallas antique furniture retailing. This poor inventory control raises the costs and lowers the profitability of the retailers' operations and, therefore, needs to be improved.
Number of Retail Antiques Stores

There were approximately 115 retail antiques outlets operating in the Dallas metropolitan area in August of 1981. This is not the number of dealers listed in the Dallas Yellow Pages telephone directory of 1979, but many (approximately 40 per cent) of those listed had gone out of business, and others (about 12 per cent) either did not sell furniture or did not operate at the retail level of distribution.

Sole Proprietor Predominates

All legal forms of business enterprise—sole proprietorship, partnership, and corporation—are represented at the retail level of antiques distribution in Dallas. The sole proprietor (one owner/operator) is the most common form of business organization operating in Dallas. (See Appendix B for a list of the sample dealers.)

Few People Employed

Almost half of the sample retailers employ no one other than themselves. Of course, as in other industries, the larger the antiques enterprise becomes, the more employees are added to the payroll. This lack of or small number of employees is in keeping with the small scale operations prevalent in this industry of independent business people.
Entry into the Industry is Difficult

It is relatively difficult to enter and become established in the retail antique furniture business in Dallas because of the amount of money involved, product and contact knowledge required, product supply problems, location difficulties, and the intangible requirements of establishing a reputation. Of course, if a person had any one of these requirements already fulfilled, he could establish his business easier. For example, many antique stores began as an extension of someone's hobby. The product knowledge and product supply problems would be solved somewhat if antique furniture collecting had been a hobby before beginning the retail outlet. By having two of the five major barriers alleviated, the entry by a hobbliest would be easier.

In order to begin a small scale operation, capital of about $30,000 would be needed. The actual amount would depend on the type of merchandise to be sold, the location of the outlet, the exact scale of operations, etc. If one wanted to start selling antique furniture at a flea market, as a prelude to beginning a fixed location operation, the capital requirement would usually be less due to the lower overhead expenses encountered at that level. However, travel expenses to and from flea markets can be a large expenditure and can sometimes equal or surpass fixed location overhead.
As in most industries, exit is easier than entry, and antique furniture retailing is no exception. There is a very high business mortality rate in antiques at the retail level of distribution in Dallas. Of the original sample of 40 dealers chosen to be interviewed by the researcher, 17 retailers or 42.5 per cent had closed their doors.

**Industry Sales Trend Favorable**

Even though some individual retailers had not yet benefited from the trend, most Dallas antiques dealers agreed that industry antique furniture sales are increasing. The major reasons cited for this overall growth trend are that 1) antiques are considered to be good investments, 2) antiques are perceived to be of better quality than new furniture, and 3) antiques generally appreciate in value over the years.

**Demographic Characteristics of the Dallas Market**

The average or "normal" ultimate consumer (buyer) of antique furniture in the Dallas area is from 30 to 65 years of age, female, Anglo-American with a higher than average household income (over $50,000), and perhaps, from the Dallas area. This average person could well be from out-of-state, however. Some of these average profile
attributes such as income, age and geographic location are only educated approximations by the interviewed dealers and must be treated as such. The antiques dealers in Dallas do not keep records concerning demographic data on their customers.

Average Customer May be Changing

Even though the "average" customer for antique furniture was given as between 30 and 65 years of age, this may be changing in the near future. Many dealers predict that a significant portion of their customers will be younger in the future. As younger (20's and 30's age bracket) single and married people begin buying furniture to fill their houses, they may turn more to antique furniture as an alternative to new furniture for mainly two reasons. The reasons are: 1) young people seem to be more investment conscious than before and antique furniture is perceived to be a good investment because it probably will appreciate in value over the years, and 2) antique furniture is considered to be better furniture; it is perceived by customers to be both better made and longer lasting than new furniture.

More Product Scarcity Expected

In the future, demand for antique furniture will remain high, but good quality pieces will be in short supply. This scarcity problem will, of course, drive
prices up even more, and possibly some consumers will settle for lower priced but still good quality pieces. There may be increased demand for "newer" old furniture such as "turn-of-the-century" pieces or pieces that cannot properly be labeled as "antique," perhaps the customers of the future will not mind if the "look" of the era can be obtained for a lower price.

The Marketing Mix Elements

I. Distribution (Placement) of Antique Furniture

A. Channels--Pathways to the Market

Dallas Dealers Utilize At Least Two Channels

Most of the Dallas antiques retailers utilize at least two pathways or channels of distribution when selling their furniture pieces. One is directed toward the ultimate consumer market (retail), and another channel is used to reach wholesale buyers such as other dealers or wholesalers. The Dallas retailers make the distinction between the two markets and adjust their store operations accordingly.

Other Dealers, Wholesalers, and Individuals are Major Supply Sources

An unusual practice in most retailing, but a common one in Dallas antiques retailing, is the purchasing of inventory from other retail merchants. Other dealers serve as the most common source for inventory along
with wholesalers and individuals. Relying on individuals as a major source of inventory places the Dallas retailer in a rather precarious situation, however, because the individuals are not reliable, dependable sources. This sourcing practice demands that the individual antiques dealer spend an undue amount of time and effort devoted to the search for individuals from whom to buy inventory.

As a source of supply for antique furniture, auction houses play a very small role. Auctions and estates tend to receive much publicity, but in actuality very little inventory for the Dallas retailers is purchased through these two entities.

It became evident in analyzing the primary data that the respondents, generally, make no distinction between a wholesaler and a dealer. This is understandable because dealers sell much of their inventory at wholesale prices to other dealers, and, occasionally, a wholesaler sells to ultimate consumers. The lines of distinction between the members of a distribution channel are blurred due to the varying markets and methods used in merchandising the products. In the Dallas antique furniture business, wholesalers who sell strictly "to the trade" do exist, but retailers who sell strictly to ultimate consumers do not.

Many dealers in antique furniture have no set channel member from whom to buy. Instead, literally any channel
entity--traditional wholesaler, retailer, individual, auction house and/or estate--can serve as a source of inventory provided the entity has what a particular dealer wants. Each channel member is in competition with each and all others at any given time. Of course, stable business relationships between channel members do exist, but, because of the flexibility possessed by each member, these ties are fragile.

**Informal Methods Used to Forecast**

In forecasting which furniture pieces will sell and, therefore, which ones to buy, the Dallas antiques dealers utilize a very informal process. They depend exclusively on their own likes, dislikes, experience, and intuition when making purchasing decisions based on sales forecasts. The closest the retailers ever get to a more formal, objective, or scientific approach is trial and error which, of course, is a type of experiment. An informal approach to the determination of the market's desires is not necessarily bad, but it has the potential of being very costly to the dealers.

The informal nature of predicting what customers will want is understandable considering the close relationship that exists between the owner/operator dealers and many of their ultimate consumer and retail buyers. But, the close interaction between buyers and
sellers allows, and even fosters, an informal "fly by the seat of the pants" approach to market forecasting. This dependency on feeling or intuition forces each dealer to try and understand his customers better, but it also increases the probability that he will make some major errors in market judgment. If the antiques retailers were more organized in their forecasting and buying functions, they would spend less time on the process, and they could apply the time savings to other managerial tasks. More importantly, the accuracy of their sales and purchasing decisions could be improved, and the profitability of their store operations could be enhanced.

Much Furniture Imported, Little Exported

Most of the Dallas antiques dealers import some of their furniture pieces, but very few of them sell merchandise to customers who live outside the United States. This unbalanced nature of the international distribution channels for antiques through Dallas is understandable given that a lot of antique furniture originates in Europe and must be imported; it is not exported in any large amount because of the localized character of retailing and the bulkiness and expense of shipping the pieces to foreign customers.
B. Physical Distribution

Motor Carriage Predominates

Motor carrier is the predominant mode of transportation used by the Dallas retailers for the physical distribution of antique furniture. Other modes are utilized occasionally, but due to the characteristics of motor carriers, they are best suited to ship antique furniture. These characteristics include less chance of damage and relatively high speed compared to the cost of the transport. Also, for dealers who import, motor carrier can be linked via containerization with shipping vessels for intermodal transportation. Air and rail are used minimally, and of course, pipeline cannot be used at all.

Each Channel Member Provides For Own Merchandise Delivery

Generally speaking, each distribution channel member (whether ultimate consumer, retailer, or wholesaler) is expected to provide for the delivery of its antique furniture. Occasionally, if a customer buys in large quantity, the retailer will arrange for the delivery services and, perhaps, pay for some of the delivery expenses. If a retailer will in some instances make delivery arrangements for a customer, it would be to his marketing advantage to advertise the policy so as to reassure potential customers concerning the delivery of the pieces they want to purchase.
II. Pricing Decisions and Policies

Basic Determinants of Furniture Prices

As in the price setting process for most products, supply and demand factors for antique furniture also play a significant role. Supply factors such as merchandise cost, repair and refinishing expenses, scarcity, condition of the pieces, provenance, and general quality of the pieces influence the prices charged. These factors act only as a beginning price offer, however. The supply ingredients are altered somewhat by demand factors of the "going" price, market value, desirability, popularity, fashionability, price "fairness," and collectibility of the pieces. Each retailer must consider all these factors when arriving at a price for the market.

One characteristic unique to price determination by antiques retailers is the flexibility they enjoy. No manufacturers exist to exert pressure on the retailers; the products sold are unique (many are one-of-a-kind pieces) so prices and mark-ups cannot be standardized; the market is geographically small so the prices may be unique to a particular area; and, since exit from the business is very easy, competition remains intense. Each retailer may increase or decrease his prices at will. He has that flexibility, but economic and psychological constraints are
restraining forces. Each dealer must remain aware of and consider what his competitors are charging (and what consumers are paying) for any furniture pieces similar to his own. He must also be aware of his own profit requirements and the psychological impact of the prices he charges. Keeping these forces in mind, each Dallas antiques dealer alone makes the pricing decisions and policies for his store operations.

**No Standard Mark-Up**

There is no standard mark-up realized from the sale of antique furniture at the retail level of distribution in Dallas. This is because of the lack of product standardization mainly, but also, individual retailer flexibility in pricing practices is a contributing factor. Any "average" mark-up figure cited to the reader would be misleading.

**Delivery Fees Are Extra, With Exceptions**

Most of the Dallas antiques retailers do not include the cost of furniture delivery in the prices they charge for the pieces. One-fourth of the dealers (the exceptions) do include the delivery fees in the prices charged and, because of this policy, these dealers possess a competitive edge over the retailers who charge extra. It is many times psychologically better (if not economically better) to
charge a total fee (price) for all services rendered so customers will feel their needs are being considered and provided for by the individual antiques dealer.

Negotiation And Barter Widespread

It is a relatively common practice among the Dallas retailers of antique furniture to "haggle" or negotiate with the ultimate consumer or other prospective buyer over prices. The dealers realize this and many consumers expect it. Bartering is also a common practice in Dallas antiques trading. Because individuals represent a legitimate source of supply to some antiques retailers, the dealers may accept payment "in kind" if both parties agree to the trade. After all, in antiques marketing, both parties are dealing in used products. Whether an individual retailer practices negotiated prices and/or bartering will, of course, depend on his own policies of conducting business.

Antiques Appreciate in Value, But Caution Is Necessary

Antique furniture, as an overall product classification, generally appreciates in value because of the interaction of two very significant factors. One is the perceived better quality of antique furniture compared to that of new furniture, and the other is the inherent scarcity of antiques compared to the demand for them. A potential
buyer or a current owner of antiques furniture cannot just
assume, however, that his particular pieces will appreciate
rapidly and be sold easily at a higher price. Styles and
pieces come in and go out of fashion, and the trading pro-
cess can be cumbersome for the average consumer.

III. Characteristics of the Products

Definition of an Antique—Agreement and
Disagreement Exist

All antiques are, by definition, used. Because of this
inherent quality, they are only traded (i.e., bought and
sold) with some occasional repair and refinishing work done.
But by being old, the products present some problems to
those who trade antiques. The older the piece of furniture
is, the more difficult it becomes to place an exact date
of manufacture on it and, thus, to determine its age. The
age, or at least a good approximation of the age, is an
important ingredient in the value determination of an
antique, as explained in the literature review and as con-
firmed by the primary data. Also from the literature and
to a degree from the primary data, there is disagreement
as to exactly what an antique is. Most practitioners stick
to the legal definition of an antique as used for impor-
tation tax and customs purposes. The definition is,
basically, that a piece of furniture has to be 100 years
old or older to be classified as "antique."
Most antiques dealers in Dallas agree that any furniture piece at least 100 years old is antique. Their reasoning stems from the legal definition as stipulated by the United States Customs Bureau. There is some confusion among dealers, authors, and customers alike when referring to antiques, however. For example, while most sample retailers use the legal definition, they would also speak of "turn-of-the-century" antiques, which would not be possible if they adhere to the definition of antiques according to the law. By legal definition, there could be no such product as a "turn-of-the-century" antique, and there could certainly not be antiques from the 1920's or 1930's, as one sees advertised. To settle the dispute or confusion that exists, one must conclude that the term "antique" is used very loosely by all concerned. This confusing state of affairs may be understandable from a consumer's point of view if, in fact, he is not too knowledgeable about the products in question. Certainly though, a seller in the business or a writer on the subject should be well aware of the difference or differences between an antique and just "old" furniture or a reproduction of an antique.

A distinction also exists between an antique and an antique of high value. As mentioned in the literature review, several ingredients serve to produce a "valuable"
antique as opposed to an antique of lesser value. The main attributes, other than age, necessary to give a piece of furniture its value in the current market are its hand-made quality, fine finishes, craftsmanship, beauty, provenance, wood carvings, and the wood itself. Also, if the piece was made during a distinctive period or era, value is added, but this fact does not make the piece any more or less an antique. The age by itself determines whether the piece is antique or not; its value is much more subjective.

All antique furniture is old, but not all old furniture can properly be called antique. The basic difference is the amount of time that has passed since the product was manufactured, and the most common benchmark used in the business is 100 years old or older. The term "old" or "used" are not utilized in the industry, however. A certain furniture piece may be called "turn-of-the-century" or one may be labeled an Art Deco piece, but the antique pieces are never referred to as just "old" furniture. The terms "turn-of-the-century" and Art Deco are utilized by the dealers and they sound more impressive to a potential buyer than "used" or "old." There is less of a problem with an antique's definition as long as the particular piece in question is obviously older than 100 years, but as to defining pieces newer than that legal time frame,
the trade participants become vague, and the exact definition can become confusing to consumers and dealers alike.

**Definitional Confusion Creates Marketing Complexity**

The absence of a precise definition for antiques creates confusion among industry members, and this confusion serves to make the Dallas retailers' marketing job more difficult. Because the value of an antique piece of furniture is determined somewhat by the definition of an antique, and this definition is not always clearly understood, the dealers who trade antique furniture experience difficulty in recognizing and identifying authentic pieces and placing appropriate values and prices on them. This difficulty serves to make the individual dealer's pricing and promotion decisions more complex and subject to mistakes. The confusion also places the retailer in a situation in which he is vulnerable to the unscrupulous practices of a dishonest dealer who would want to sell him fake or misrepresented antique pieces. If the dealer buys the misrepresented pieces and then sells them, his integrity as an honest dealer is placed in jeopardy. That some sample retailers have indeed bought misrepresented furniture pieces serves as evidence that confusion exists in the industry, and that the misrepresentation of antique furniture is at least a minor problem in Dallas antiques retailing.
Misrepresentation--A Minor Problem At Present

Misrepresentation of antique furniture in the Dallas area is not a major problem at the present time. The selling of fake pieces definitely exists, but it is not perceived to be a real threat to the industry at this time. When a dealer buys a piece that has been misrepresented, he takes this as a natural part (an occupational hazard) of being in the antiques trade. If a dealer sells by mistake an antique that has been misrepresented, he is very quick to correct the situation to the customer's satisfaction. If the misrepresentation to the dealer was intentional, of course, stronger recourse or legal action would be taken, but there is not a clear indication that much intentional misrepresentation (fraud) is occurring in the Dallas market.

Little Industry Effort Exists to Curb Misrepresentation--Problem Could Grow

If there is a concerted attempt by dealers, trade associations, or other industry groups to curb the misrepresentation of antique furniture in Dallas, the effort is either very loosely organized, not promoted, or ineffective. Most Dallas dealers are unaware of any action being taken. Only a few dealers reported that there is a limited effort by some industry groups to control the misrepresentation of antiques, and because only a limited
attempt is being exerted, the circulation of fake or misrepresented pieces could become more widespread in the future.

Promotion Policies of the Dealers

Print Media Used to Advertise

Advertising and personal selling are the major promotion methods used in Dallas antiques retailing. The print media—newspapers, magazines, direct mail, and The Yellow Pages—are utilized almost exclusively for the dealers’ advertising messages as opposed to the electronic media such as radio and television. The reliance on print media is due to the actual or perceived lower expense associated with the print media and the fact that the advertising message usually stays in front of the reader for longer periods of time.

Customers Lack Product Knowledge—Depend on Personal Selling

Personal salesmanship is very important in the promotion of antique furniture because of the perceived lack of knowledge the average shopper possesses about antiques. Basically, the field of antique furniture is complex, and it can be confusing to the average person. Because of this complexity, personnel are needed in the retail outlets to explain the products to potential customers. In most instances the manager/owner of the outlet also acts as the
major salesperson because he/she is usually the most knowledgeable about the products being sold. This dependency by customers on the store manager for product information is advantageous for the buyers because they receive expert advice, but it has a negative effect on the manager’s time and the productivity of the store’s salespeople.

That personal selling is an important ingredient in antiques retail marketing is also evident from the fact that almost half of the Dallas retailers employ salespeople to explain and sell the products. Moreover, some of these salespeople are considered the major salesperson in particular stores. While most of the sales personnel receive minimum wage or some other straight salary for their efforts, a few do have an incentive feature included in their compensation packages. There is only a limited attempt in Dallas antique furniture retailing at present to aggressively sell the products, but revision of the hiring and compensation policies would reduce customer dependency on the manager and increase productivity of the salespeople. Decreased customer dependency on the manager and improved salesperson productivity both will have the effect of improving store profitability.

**Awareness of Competitive Edge is High**

Almost all of the Dallas antiques dealers perceive that they have some competitive edge over their peers in
the industry. This high awareness level among the Dallas retailers is significant because it has an impact on the promotion policies and decisions as formulated by them. Each dealer's competitive advantages (which serve to form his/her store's image) are his/her principal attributes that can be used to draw and keep loyal customers if the advantages are exploited properly throughout his/her promotional themes. Because each dealer is aware that he/she possesses at least one comparative advantage, he/she is better able to develop successful promotional and marketing programs for his/her store.

Part III. Recommendations

1. It is recommended that each member of the retail antique furniture industry in Dallas seek to become more conscious and aware of their industry as a whole in terms of annual sales figures (both dollars and units), number of dealers operating, number of people employed, amount of profit or loss expected, and problems encountered in the business.

2. It is recommended that individual industry members become more active in antiques clubs, associations, or societies so as to produce and to have access to information about the industry. This course of action would allow the individual retailer to become more knowledgeable about the business he is currently in or about to enter.
The sharing of information would also help dealers prevent business problems they may encounter such as the misrepresentation of furniture pieces.

3. It is recommended that each antiques dealer research and pinpoint those particular product lines that account for the majority of his/her annual profit. This information could enable each dealer to concentrate scarce resources on improving the marketing of those products and, through specialization, cultivate more profit possibilities. It is suggested that each dealer improve his inventory control system so the profitable furniture pieces and styles can be accounted for and the unprofitable ones can be eliminated.

4. It is recommended that the dealers learn more about and utilize to the extent necessary, the various techniques of marketing research. By using marketing research procedures and tools, the retailers can better understand their customers' needs and adjust their store operations accordingly. Through marketing research the dealers may also discover untapped market segments composed of Afro-American or Anglo-American males, for example, that could be potentially profitable customers for antique furniture in Dallas.

5. It is recommended that each dealer keep and utilize accurate records pertaining to demographic information about his/her customers. This recordkeeping and
information processing will enable the dealer to understand and serve his clientele better and to spot possible market trends in the future. Good recordkeeping and market research, as recommended earlier, would together provide each dealer with better forecasting of market changes.

6. It is recommended that the antiques retailers attempt to stabilize their sources of supply so their purchasing function will not be as time consuming as it currently is. If the dealers would seek steady and dependable merchandise supply sources, they could spend the time saved on the purchasing function doing other managerial tasks.

7. It is recommended that each antiques dealer attempt to better organize his/her sales and purchasing forecasting. By organizing these two critical functions, forecasts could be improved and managerial time could be saved. Better organization in the forecasting areas could only serve to improve each dealer's profitability.

8. It is recommended that the dealers advertise their furniture delivery policies if they do, in fact, arrange for this service to their customers. By advertising the delivery service, potential customers will be reassured concerning the delivery of the furniture pieces they want to buy.

9. It is recommended that the dealers who charge an extra fee for delivery of furniture pieces rethink their
policy and consider including the fee in their furniture prices. If the delivery charge is included, by the antiques retailers, it should be advertised as a benefit to their customers.

10. It is recommended that each dealer remain consistent when negotiating or holding firm to prices offered to customers. The retailers should also keep a consistent policy when decided to barter or not to barter furniture pieces. A consistent policy (regardless of which policy is adopted) keeps customer confusion to a minimum and allows a consistent store image to emerge.

11. It is recommended that antiques dealers, as a group, try to come to an agreement as to what constitutes an antique. Probably the criterion of 100 years old or older is a good starting point due to its simplicity and legal legitimacy. Whatever the definition agreed upon, it should be adhered to by industry members so as to alleviate consumer and dealer confusion that exists about the product class.

12. It is recommended that combination compensation packages, which include an incentive feature, be considered and implemented for the salespeople who are responsible for selling antique furniture. By switching from the currently employed straight salary methods to combination packages, better sales productivity would be encouraged.
13. It is recommended that the antiques dealers who do not currently employ retail sales personnel consider hiring at least one and training the person in product knowledge and selling techniques. By shifting some personal selling duties from the manager/owner to a salesperson, customer dependency on the manager/owner can be reduced and managerial time can be devoted to other tasks. The managerial time and cost savings would more than offset the cost of a salesperson over a period of time.

14. It is recommended that each antiques retailer seek to understand via marketing research more specific information concerning any competitive advantages he/she may possess. By understanding more precisely why customers (especially regular customers) prefer his/her store, the retailer will be better able to maintain and even enhance the particular advantages over the competition.

15. It is recommended that further research which addresses various segments of the Dallas retail antique furniture industry be conducted in the future. This new research could also be extended to include aspects of all antiques and other used products marketing.
APPENDICES
APPENDIX A

QUESTIONNAIRE

Part I. General Information

A. Name of Retail Establishment: ____________________________

B. Address: ____________________________

C. Date of Interview: ________________ Time: ______

D. Interviewee: ____________________________

Title: ____________________________

Number of Years in this Business: ________________

E. Type of Ownership: Sole Proprietor/Corporation/Partnership

F. Full or Part-time endeavor? FT/PT

G. How did you get started in the antiques furniture business?

Hobby___ Buy___ Inherit___ Other, specify___

H. Are you a certified appraiser? Yes____ No____

In training_____

I. Current asset size (interviewee's estimate): ______

J. Percent of inventory invested in antique furniture: ______%.

Part II. Size of the industry and/or market in the Dallas trading area.

A. How large is the antique furniture business in Dallas at current retail prices? What is your estimate?

1980___________________________ 1981___________________________
B. Is the market for antique furniture generally growing, declining, or about the same as last year?

Growing___ Declining___ About the same_____

Can you give me a major reason for your answer above? Respondent's answer:____________________

C. Is the level of sales in your store more, less, or about the same as that of last year?

More _____ Less ____ About the same ______

D. What approximate per cent of the sales in your store was in antique furniture in 1980? So far in 1981?

<table>
<thead>
<tr>
<th>1980</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25%</td>
<td></td>
</tr>
<tr>
<td>26-50%</td>
<td></td>
</tr>
<tr>
<td>51-75%</td>
<td></td>
</tr>
<tr>
<td>76-100%</td>
<td></td>
</tr>
</tbody>
</table>

E. Approximately how many antique furniture pieces were sold by you last year?

<table>
<thead>
<tr>
<th>0-10</th>
<th>51-75</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-20</td>
<td>76-100</td>
</tr>
<tr>
<td>21-30</td>
<td>101-300</td>
</tr>
<tr>
<td>31-50</td>
<td>301-500</td>
</tr>
</tbody>
</table>

F. How many people do you employ excluding yourself? Number ______

How many are full-time or part-time? FT___ PT___

G. Approximately how difficult is it to get started and established in the retail antique furniture business today? (In terms of inventory acquisition, establishing a reputable name, acquisition of retail location, etc.)

Very difficult ______
Somewhat difficult ______
Not so difficult ______
Easy ______
Could you cite several reasons for your above answer?

Tight money
Amount of money
Regulation by government or associations
Product and/or contact knowledge required
Risk
Other, specify

H. What would be the approximate minimum capital required to enter the retail antique furniture business on a small scale?

Less than $10,000
10-20,000
20-30,000
30-50,000
50-75,000
75-100,000

Part III. Distribution

Channels

A. Approximately how much of your antique furniture sales are to customers who use the furniture in their homes?

B. Approximately how much to other dealers, wholesalers, or others?

Dealers___% Wholesalers___% Others, specify___%

C. Where do you obtain most of your furniture pieces? In per cent of all pieces.

Auctions___% Other dealers___%
Estate sales___% Individuals___%
Wholesalers___% Others, specify___%

D. Approximately how much do you import annually? Percent of sales?

Import___% Domestically obtained___%
E. Approximately how much do you sell overseas?  
Percent of sales.

Export _____%  Sell domestically _____%  

F. What is your usual mark-up on antique furniture?  
Based on cost, average, annual.

Less than 50% _____  100-150%_____
50-75% _____  Over 250%_____
100% _____  

Physical Distribution

A. What types of transportation do you use to deliver the furniture pieces to your customers? As a percent of all transportation types used by you.

Truck _____%  
Water _____%  
Air _____%  
Customer pick-up _____%  
Other, specify ________________________ ____%

B. What types of transportation are used to ship merchandise to you?

Truck _____%  You pick up _____%  
Rail _____%  Other, specify__________
Water _____%  
Air _____%  ________________________ ____%

C. Is the cost of local delivery included in the price you charge your customers?

Yes _____  No _____

D. If you ship any furniture pieces out of town, do you pay any of the delivery charges?

Yes _____  No _____

If yes, what percent do you pay?

Percent ______

Part IV. Pricing Mechanism

A. Do you regularly visit an auction and buy antique furniture pieces for your inventory?

Yes _____  No _____ (If no, go to Question 2 following)
1) Is the price you pay for a furniture piece at auction the major determinant of the price you charge your customers?

Yes _____  No _____

2) What are the major determinants of the prices you charge your customers?

- General demand for the piece
- Going price charged by other dealers
- Scarcity of the piece
- Your cost plus a markup
- Condition of the piece
- Particular style of the piece
- Other, explain, please

B. Do you charge a firm price for your furniture pieces or will you usually negotiate over the price of the furniture?

Firm ____  Will negotiate ____  Depends on the amount bought ___

C. Do you ever barter or trade merchandise for furniture?

Yes _____  No _____  Other (such as sometimes, depends on amount bought, etc.)

D. Many people believe that antique furniture appreciates in value and so serves as a hedge against inflation. Do you agree or disagree?

Agree ____
Disagree ____
Other, specify

Why do you think this is so? (Why it is or is not true).
Part V. Product Classification

A. How do you define antique furniture?

Respondent's answer: ____________________________________________________________
____________________________________________________________________________
____________________________________________________________________________

B. Do auction houses and others in the trade support your definition?

Yes _____ No _____ If no, please explain:

____________________________________________________________________________
____________________________________________________________________________

C. What tangible and intangible qualities make a piece of furniture "antique?"

Over 100 years old _____ Type of wood _____
Scarcity _____ Of a defined age/period
Style _____ Others, explain:
Beauty _____

____________________________________________________________________________

D. How difficult is the recognition and definition of an antique piece of furniture under current market conditions?

Very difficult _____
Difficult _____
Easy _____
Very easy _____

E. Sometimes reproductions are represented as authentic antique furniture pieces. Is this representation considered a major problem in the business?

Yes _____ No _____

F. Have you ever bought pieces represented as antique that later turned out to be reproductions?

Yes _____ No _____
If yes, what did you do about it? Please explain

G. What, if anything, is being done on an industry-wide basis to control the misrepresentation of antique furniture? Please explain

H. Do you have any formal methods of determining which particular pieces will sell in your store?
Yes ___ No ___
If yes, what are they? Please explain

I. How do you determine what specific furniture pieces to buy to replenish your inventory?
Specific customer requests ___
General trends in the market ___
Advice from wholesalers or auction houses ___
Magazine or newspaper articles ___
The specialty of your store ___
Others, explain ___

Part VI. Promotion Methods

A. What promotion methods do you use to attract customers to your store?
Advertising ___ Others, please specify ___
Salesmanship ___
Word-of-mouth ___
B. If you use advertising, what media do you prefer?
In per cent of your total advertising dollars.

<table>
<thead>
<tr>
<th>Media</th>
<th>Direct mail</th>
<th>TV</th>
<th>Telephone directory</th>
<th>Radio</th>
<th>Newspaper</th>
<th>Outdoor</th>
<th>Magazines</th>
<th>Civic events</th>
<th>Brochures (gifts, donations, etc.)</th>
<th>Others, specify</th>
</tr>
</thead>
<tbody>
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</table>

__________________________

__________________________

C. On a scale from 1 to 5 (1 being very knowledgeable), how knowledgeable in general are your customers about antique furniture in terms of specific furniture pieces, styles, price ranges, value, etc?  
1 __________  3 __________  5 __________

D. Do your customers mainly depend on you or your salespeople for information about antique furniture pieces?
Yes __________  No __________

If no, where do your customers obtain most of their information about antique furniture?

General knowledge as from experience __________
Hobbies in the area __________
Magazines and Newspapers __________
Others, explain ____________________________

__________________________

__________________________

E. Do you consider yourself the major salesperson in your store?
Yes __________  No __________

F. Do you employ people who mainly do sales work?
Yes __________  No __________

G. If yes, how many salespeople are employed excluding yourself?
Number __________
H. What compensation plan(s) do you use to compensate your sales personnel? In percent of all compensation plans.

- Commission only __________
- Salary only __________
- Combination __________

I. Why do you think your regular customers patronize your store? In other words, what is unique about your store that is different from other antique furniture dealers?

- Product selection __________
- Product specialty __________
- Prices __________
- Atmosphere __________
- Sales help __________
- Location __________
- Others mentioned __________
- by respondent __________

Part VII. The Market

A. I would like to obtain some information about the demographics of the antique furniture buyers at your store. Please state these statistics on your customers in the approximate percent of all customers.

Age groups:

- Children __________
- Teenagers __________
- 20-29 __________
- 30-39 __________
- 40-64 __________
- 65 and over __________

Sex:

- Males shopping alone __________
- Females shopping alone __________
- Male couples __________
- Female couples __________
- Male/Female couples __________

Race/Nationality:

- Caucasian __________
- Negro __________
- Mexican __________
- Other foreign, specify __________
B. Do most of your customers live in the Dallas area? What per cent?

Dallas  
Out of state  
Foreign countries  

C. What are the approximate income levels of your regular customers? In per cent of all customers.

Under $10,000  
10-20,000  
20-30,000  
30-40,000  
Over 50,000  

D. Have you noticed any changes occurring in the above demographic categories of age, sex, race/nationality, location, and/or income of your customers over the last 2-3 years? If so, please explain the changes:

What do you believe accounts for these changes you mentioned? Explanation:  

E. Do you foresee any significant changes or trends in the antique furniture market for the future? Please explain why you think these changes will occur. Explanation:  

Thank you very much for your time.
APPENDIX B

PARTICIPANTS IN THE STUDY

Samuel Breitman Antiques Limited or Booth Galleries
Curiosity Corner
Rose Driver Antiques
The Karat Top
La Femme Chic
Manheim Galleries, Inc.
The Lacquer Door
James Olsen Williams Antiques or Frogmore House
Red's Antiques Supermarket
Clements Antiques of Texas, Inc.
Christian Van Damme Antiques, Inc.
Werner Pusch Antiques and Investment Co., Inc.
Accardi of Italy, Inc.
John Henry Sterry Antiques
James Q. Erwin Antiques
The Copper Lamp
Jackie's Antique Cottage
Dorothy Holt Antiques
Town and Country Antiques
LeMonde Antiques
Teasel Galleries
PARTICIPANTS IN THE STUDY
(Continued)

Hartman Rare Art, Inc.
Antiques Unlimited
Abrams Road Antiques
The Collectors Antiques
Phillips Antique Shop
Victory Antiques
The Samplers
Notable Accents