This study was begun early in the spring of the present year and the figures do not harmonize with the figures reported in the June 4th issue of the *N. A. R. D. Journal.* The article quotes Wroe Alderson, chief business specialist of the U. S. Department of Commerce, as saying before the American Pharmaceutical Manufacturers' Association at French Lick Springs that "the number of prescriptions filled annually is between 120,000,000 and 180,000,000 at a cost of $90,000,000 to $135,000,000 to the consuming public."

It is evident to the most casual reader of this paper that a great discrepancy exists between the report of Mr. Alderson and the figures derived from the study made in Columbus and Buffalo. From the above quoted article, we could not ascertain the source of the data upon which Mr. Alderson based his calculations as to the total volume of prescription business in the U. S., but it is assumed to have come from the St. Louis Drug Survey. It is therefore apparent that a more extensive study of this subject is necessary and should be undertaken.

NATIONAL DRUG STORE MERCHANDISING SURVEY.

AN ADDRESS DELIVERED BEFORE THE AMERICAN PHARMACEUTICAL ASSOCIATION AT MIAMI, FLORIDA, JULY 30, 1931.

BY THOMAS W. DELAHANTY.*

It is always a source of pleasure when a member of the Bureau of Foreign and Domestic Commerce has occasion to address a professional body. The functions of our Bureau are concerned with the promotion of trade at home and abroad. We are in no sense regulatory—our interest is solely constructive and promotional. This is the type of service accorded to your industry through the Chemical Division of the Bureau to which group your industry is arbitrarily assigned.

In the foreign field we facilitate the obtaining of raw materials for the pharmacist and have assisted in finding an annual market abroad for over 20 million dollars worth of medicinals and pharmaceuticals.

Among our domestic activities may be cited our stimulation of firms to carry on scientific and commercial research and our work with trade associations and groups, in the field of market survey, simplification and standardization. Then there are trade surveys of commercial areas, as to buying power, marketing methods, distribution and other factors which have been valuable guides to industry and the retailer. Finally there are surveys of the type of the "National Drug Store Merchandising Survey."

The Government cannot attempt to solve the distribution and merchandising problem of every branch of industry; all we can hope to do is to select a few representative branches and work out a procedure which may with modifications and variations be applied to all. In selecting such it is preferable to choose those branches wherein a high degree of coöperation is available.

The trade associations in the pharmaceutical field—manufacturers, wholesalers, retailers and related scientific groups were engaged in work which would tie in with such a study and prevailed upon the Bureau to conduct a "National Drug

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Store Merchandising Survey." Furthermore, the coöperation extended, particularly by the profession and industry of St. Louis, was a vital factor in the selection of that city for the clinical phase of the study.

Now the study is well under way—8 months from now the data will be all in and we shall have the most comprehensive distribution survey ever conducted comprising data relative to retail costs, retail processes and store arrangement, wholesale and manufacturing costs, study of credit conditions and causes of business failure and related facts pertinent to efficient merchandising.

While the data is national in scope, the key to its interpretation is the clinical study in progress in St. Louis. In Washington all one can see is a corps of clerks assembling data and a battery of tabulating machines and operators. The spectacular phase is in St. Louis. Here one sees the "wheels go round"—the mechanics of the study. Those who contemplate deriving benefit subsequently might well visit the city and observe how we do it. I was out there a month ago. It is so interesting that one of the motion picture concerns has offered to take a picture of the survey mechanism.

In brief, there are 14 stores under examination in the St. Louis clinic—11 independents, 2 chain stores and 1 professional. The stores selected range in size from a sales volume of $25,000 to over $500,000 and are located in every distinct type of community and location. Beginning April 1st, a carded inventory was taken of each store, and a group of clerks keep these control records up-to-date from purchase invoices. Changes in selling prices, merchandise display, advertising and deals are entered as made and the effect recorded, so that subsequently the characteristics and the element of profit or loss in handling may be established for every commodity handled. Even meterological data, events and competitive influence is a matter of daily record.

Furthermore all advertising matter appearing in St. Louis is filed daily at the survey office and photos are taken of the window displays of the stores under observation whenever they are changed.

A crew of observers are assigned to each store and time studies of selling operations, as well as traffic studies, are periodically in progress. Trained pharmacists are recording prescriptions for an intensive evaluation of the prescription department. Another crew is engaged in a consumer study—200–300 consumers in each of the 14 localities will be interrogated.

While the 14 drug stores selected represent 900 drug stores in metropolitan St. Louis, another crew will visit 300 other druggists in the trading area of St. Louis and ascertain facts as to their location, sales volume, etc., and an analysis will be made of their purchases through coöperation of the local wholesalers. This will accord a more composite picture and be representative of rural as well as urban store merchandising.

Why druggists in St. Louis during the past five years have failed is under investigation by trained credit men in the field and should be helpful in preventing repetitious mistakes.

A number of representative wholesale establishments throughout the country will be selected for complete cost analysis.

The Bureau of the Census is at present compiling data on the National Census of Distribution under the supervision of Dr. R. J. McFall and Mr. J. Guernsey, and such data in process of release by states in summarized form will ultimately be analyzed as to drug store distribution. Within the past 2 weeks 12 preliminary state summaries of retail distribution have appeared. During the next month we shall probably release one for each of the remaining 48 states. You should be vitally interested in the comparisons presented concerning the number of drug stores, and the net sales, in relation to the total retail outlets of all kinds and the total net sales. The 12 summaries released to date are of two northwestern states—Washington and Idaho, 2 southwestern states—Colorado and Arizona, 3 central states—Missouri, Indiana and Kentucky, 2 northeastern states—Maine and Rhode Island, and 3 southeastern states—Georgia, Alabama and Florida.

Some of the interesting facts revealed in the foregoing 12 summaries show that the *per capita* purchases in drug stores run from \$8.25 in Kentucky to \$17.75 in Colorado. The *per capita* clientele of drug stores in these states varies from 1500 in Colorado, Missouri and Florida to 3000 in Kentucky. Such stores represent $3^1/_5$ per cent of the total retail outlets in Kentucky compared with 5% in Missouri. Retail drug stores do 3 per cent of the total retail business in the state of Washington and practically 5 per cent in Florida. Each Florida and Missouri drug store averages approximately \$25,000 in net sales in contrast to \$43,500 in Arizona. The number of drug stores in these twelve states runs from a low of 165 in Arizona to practically fourteen times this number in Missouri. Separate data are presented for the net sales of drug stores without fountains and for those with fountains. Only $^1/_6$ per cent of the stores in Rhode Island are without fountains whereas in Idaho over half are without this service. The representative low average net sales of each type are \$18,000 non-fountain and \$27,000 fountain in Alabama, and \$38,000 non-fountain and \$46,000 fountain in Arizona are representative high averages. A fountain drug store in Missouri, however, has practically twice the amount of net sales as a non-fountain type.

A composite of the twelve states referred to represents approximately 18 per cent of our drug stores and of our population, each drug store with 2100 prospective patrons and net sales of \$26,500 annually or a per capita consumption of \$13.00. On the estimated basis of 60,000 drug stores in the United States, these outlets merchandise $1^1/_2$ to $1^3/_4$ billion dollars worth of goods annually.

For the benefit of our hosts, the pharmacists of Florida, let me present the following: The population of this state is approximately $1^1/_2$ million. In 1929 there were 977 drug stores in the state. It will probably interest you to know that the St. Louis metropolitan area has about the same population and that there are about 900 drug stores there.

Focusing our attention on the distribution data we find that drug stores represent $4^1/_3$ per cent of the total stores in Florida and the net sales of these 977 drug stores amounted to $24^1/_2$ million dollars representing approximately 5 per cent of the total net sales of the 22,411 retail establishments in Florida. Drug store net sales were within 2 million dollars of the receipts of the 550 hotels in Florida and 3 million dollars in excess of that of the 2332 restaurants and eating places.

A host of other store comparisons may also be made. Exclusive of tourists the average store has 1500 prospective patrons, probably one of the smallest per capita clienteles. On the other hand the per capita purchase is one of the largest, amounting to \$16.35.

We likewise find that $^1/_3$ of the drug stores have no fountains and the net sales of this group average $20,000 annually against $27,000 for the 654 fountain stores.

While not a fair comparison it may interest you to know that while I was in St. Louis the Educational and Statistical Committee of the Cinchona Club released composite figures showing the average net sales of 40 independent drug stores in that city, all fountain type, which amounted to approximately $35,000 in 1930 in contrast to the average net drug store sales throughout the state of Missouri which were $16,800 for non-fountain type and $32,300 for the fountain drug store.

I have accorded this rather detailed summary solely to illustrate the character of material, the extensive scope, the national and yet local comparisons that may be made and the benefit that may be derived by manufacturer, wholesaler, retailer and all other interested parties, from the banker to the consumer. By way of illustration I am privileged to announce that Mr. A. C. Nielson, an industrial engineer of Chicago is about to conduct a fountain study on behalf of a client, in 18 stores located in 12 strategic cities from the Atlantic to the Pacific, using the outlined procedure developed in our summer fountain study which was completed on July 25th. You may likewise be interested to know that Mr. Paul C. Olsen representing the Druggists' Research Bureau, has been released by that Bureau for a period of six weeks for the purpose of contributing to the work of the survey. The Bureau of Foreign and Domestic Commerce publications which will subsequently be released should enable any group or an individual retailer to test and apply the results. The twenty-two local sub-committees and the fifty odd district and coöperative offices of the Bureau of Foreign and Domestic Commerce will likewise be at your service for interpretation as to application of the data developed.

From a strictly professional angle, it should be of vital interest to scientists, research workers, boards and colleges of pharmacy, enforcement agencies, those engaged in compiling standards such as our Pharmacopœia and Formulary, the medical profession and those interested in the cost of medical care, and in the health of communities generally, for with this basic study as a yardstick supplementary studies on practically any related field may be subsequently developed.

The entire study is carried out under the counsel and guidance of the professional chemists and pharmacists of the Chemical Division of the Department of Commerce, and you may be interested to know that Mr. C. C. Concannon, Chief of the Chemical Division, delegated as field counselor, Mr. Frank Delgado, the drug promotion specialist of our staff, who is a graduate pharmacist, a member of your ASSOCIATION, who has practiced his profession here in Florida as well as abroad and who last year was accorded the honor of selection as Assistant Secretary of the United States Pharmacopœial Convention.

In closing I wish to state that the pharmaceutical profession owes a debt of gratitude to the 14 drug stores in St. Louis and to the wholesalers of that city who have so willingly subjected their businesses to the dissecting eye of the survey group in order that all drug store factors throughout the United States may profit by the findings.

We in the Department of Commerce are looking forward to April 1932, when we hope to announce the termination of a monumental investigation. We are proud of the spirit of coöperation which we have encountered throughout this survey and we hope that when every one here returns to his community he will instil enthusiasm among those of his associates who may not be conversant with the significance and value of the study. There is yet much to be done and we need your increasing interest and support if we may serve you to the fullest extent.

Prescription Case Unit on display at Miami in charge of Prof. Anton Hogstad, Jr. Chairman Ralph E. Terry, of the Section on Practical Pharmacy and Dispensing, at the Counter.

PHARMACY WEEK WINDOW DISPLAYS.

The National Committee hopes that from October 11 to 17, 1931 there will appear upward of 50,000 window displays in the drug stores of the country, which will effectively demonstrate the importance of the service of pharmacy to the public. A display of this character in every one of our drug stores would unquestionably start the public talking of the value of the pharmacist and create a consciousness which would build more good will and appreciation than could possibly be obtained by the expenditure of many millions of dollars on advertising.

Announcements will be made in our next issue of the national broadcasting programs for Pharmacy Week. Every retail druggist should plan now to devote at least one of his windows to a real Pharmacy Week display October 11th–17th.

Begin now to think about and collect the material which will be of unusual interest to the public and which will reflect your professional activities; books on pharmacy, illustrations, apparatus, drug containers, vegetable drugs, medicinal plants, minerals, chemicals, etc., etc.