In conclusion, I believe the field for pharmacists in hospital work is large, and that it can be made better and greater. It should be especially attractive to the younger men and women to whom the sale of postage stamps, telephone slugs, candies, hair nets, etc., does not appeal, and for which their education is unnecessary. It should also be attractive to the older man who belongs to the "pre-lunch-counter-soft-drink drug store age," whose knowledge of pharmacy is an art and whose ideals eminently fit him for such a position.

COÖPERATING IN PHARMACY.*

BY HENRY B. SMITH.

A few years ago one of our presidents in his annual address to the American Pharmaceutical Association stated that every president had made many valuable suggestions for the benefit of pharmacy and pharmacists. Many of these ideas which required study and thought were referred to some committee, and then dropped into oblivion. The men who made the recommendations have had many and varied experiences in pharmaceutical matters and have the interests of the trade at heart. Some method should be found to have these many suggestions brought before Local Branches of the American Pharmaceutical Association for discussion, instruction and action.

The "tree" of pharmacy is a good old tree that has weathered many a storm. It has had many odd branches grafted on the original trunk, but it still lives and flourishes; keep the roots active and healthy and the branches and leaves will look after themselves. The roots are the local associations. A pharmacist should interest himself in his neighbors. So few recognize the power of the local organizations to regulate prices, hours of labor and many problems requiring coöperation.

A person purchases an established drug store. He immediately starts in to "stir up things"—new fixtures, new front—and rehabilitates the entire establishment—these things are very commendable and desirable. Then he starts to cut prices—there is where he makes the mistake.

Just as soon as he starts to cut, the trade in the entire district meets the cut and oftentimes goes lower. Consequently the public "laughs up its sleeve." Purchasing of goods sold at little or no profit to the retailer demoralizes the entire neighborhood for quite a period of time. There is where the local association comes to the rescue. In many localities a minimum schedule is adopted and service and personality are depended upon to increase the volume of business.

When we consider from best figures obtainable that the lowest average overhead of a retail drug store is 27.2% on the gross year's business, and if 50% of the business is of patented articles at 15% profit, not counting shelf warmers, a lot of work is being done without compensation or profit.

Many have tried the cutting game, and lost all they had and all the credit obtainable from manufacturers, jobbers and wholesalers, and then sell out. The local association tries to overcome these conditions. In many places stores have shorter hours and operate on the zone system, Sundays and holidays, usually four in a zone, one keeping open one in four Sundays and the other three stores exhibiting a sign directing people to the store open in that zone on that particular day.

* Read before Section on Commercial Interests, A. Ph. A., Cleveland meeting, 1922.

The next step is the state associations, but in many large cities the intermediary organization is composed of all the locals. New York City's intermediary organization is called the New York Pharmaceutical Conference who have accomplished an immense amount of good for the retailer; adjusting difficulties with the health, police and fire Departments and when committees from the Conference appear before any of the departments they are always given a respectful hearing and invariably get what they ask for.

The state associations are gradually assuming the aggressive attitude for pharmacy. "The hat in hand period" is passing. They are now demanding proper recognition and legislation from their various state representatives.

We expect in New York State at the coming session of the Legislature to enact the law that only registered pharmacists can own or conduct retail pharmacies.[1]

The State demands protection for public health, consequently the ends should justify the means. Some states demand compulsory membership in their state society; in the majority of states it is optional. New York State with an optional membership has increased its numerical strength two-fold during the last two years and in another year will approximate 90% of the pharmacists of the State—they realize the benefits of coöperation.

The "trunk of the tree" of pharmacy is the national body and I have always felt that the leaves and fruit of public health could best be cultivated through one consolidated national association. Many plans have been formulated, many ideas suggested, one will be presented for ratification at this meeting.[2] The simpler and less complex the plan the better. I suggested a plan a few years ago which was dropped. I hope this year's suggestions will have better consideration.

A National Headquarters and permanent representative at Washington is imperative; many things occur there that require immediate attention. Regulations are being constantly issued that require immediate rebuttal, officials that are not familiar with pharmaceutical conditions issue them with little thought or consideration; many have been recalled after causing the trade much trouble. Consequently, I feel that every pharmacist should identify himself with and give his moral and financial support to his local, state and national association.

One country, one flag and one National Pharmaceutical Organization!

HOW AND WHERE DRUG MERCHANDISE IS DISTRIBUTED.*

In a study of the distribution of merchandise our principal interest is concerned with an examination of the method whereby goods may be moved from where they are to where they are wanted with the minimum expenditure of time, money and effort. Much has been said in the popular press and elsewhere of the duplication of effort in distributing goods. In other words, the question has arisen as to whether or not commodities are handled too many times during the interval

[1] This has become an accomplished fact, which proves the value of coöperative spirit and action.—EDITOR.

[2] The reorganization of the American Pharmaceutical Association of the Cleveland meeting.

* Abstract of an address by C. H. Waterbury, Secretary National Wholesale Druggists' Association before the New York Branch of American Pharmaceutical Association, May 14, 1923, at New York College of Pharmacy.

between their actual production and their arrival in the consumer's possession.

In general it is almost safe to say that there may be too many middlemen, so called; but this condition has been brought about by the consumer himself in his desire to experiment with new methods of accomplishing distribution. He has set up a great many media of distribution, whose functions are to all intents and purposes the same. In each instance he thinks something has been eliminated, forgetting that what he has really done is to add to the complexity of our distribution problems.

In the drug trade we have observed a rather rigid adherence to what have become known as the legitimate channels of distribution; that is, from manufacturer to wholesaler, wholesaler to retailer, retailer to consumer. True it is that some business is done direct between manufacturer and physician and hospital and some direct between manufacturer and retail dealer. In each case, however, the functions of wholesaling must be performed. The storing of excess supplies, the extension of credit, the assembling and sorting of the goods, and their delivery, must be accomplished. Either the manufacturer himself must do these and bear all the expense incident thereto or the retail dealer or the consumer must perform them. Within the past few years, in conjunction with the representative of a number of nationally distributed magazines, I assisted in the preparation of a survey of the drug market of the United States.

This study elicited a number of very interesting facts. We first secured an estimate of the purchases through the drug trade by the consumer. This was done by taking the estimated total sales of wholesale druggists, to which was added the amount purchased by the retail trade from all other sources, and a fixed mark-up was added. Our estimate was $1,250,000,000 total sales to consumers of drugs and druggists' sundries, purchased through the 49,000 retail druggists of the United States. Taking the population at 105,000,000 and the number of retailers at 49,000, it appears that there is approximately one retail drug store for every 2,176 persons, and, if we average five persons to a family, there is one drug store to every 435 families.

Our immediate problem thereafter was to determine the best way to reach the 21,000,000 families of the United States through retail druggists with any manufactured product which may be efficiently, economically, and profitably merchandised through the drug trade. To the average individual living in a large city such as New York, the first thought seems to be of the chain store. This idea, we presume, prevails because of the frequency with which the individual in the large city comes in contact with the standardized store front and the standard label affiliated therewith. Our study, however, is not from the standpoint of any immediate locality but that of the country as a whole.

To look at the problem from a national standpoint it was necessary to make a study of the distribution of our population, taking into consideration the extent of urban and rural population.

In this connection it was deemed advisable to make a selection of leading urban centers not necessarily based on population. The full number of cities selected was 647 and these were chosen on the following bases:

First—Commercial Importance. Determined by the number of highly rated retail and wholesale establishments and by the number and size of the banks lo-

cated therein. The reasons for this basis of selection are almost obvious, for a city or town which has a number of large retail stores must provide a considerable volume of business to support them. Also, the number of wholesale houses in any given community indicates the importance of the particular center to the surrounding territory. The banking facilities of a given city also indicate dependence of other communities thereon as well as considerable business in the community itself.

Second—Population. As a rule, the number of people in a given city is an index to its importance as a trade center as growth of cities and towns is largely conditioned upon the volume of business done therein. It is generally true that cities with a large population afford greater inducements to out of town buyers, as they generally maintain stores carrying greater variety of wares, as well as better accommodations for transients than is the case with the smaller centers.

Third—The Number and Circulation of English Language Newspapers. This consideration serves as a guide to the extent of literacy prevailing in any given community. This factor naturally has a direct bearing on the extent to which advertising may be depended upon as an element in creating and maintaining demand for a given article.

Fourth—Transportation Facilities. A city or town which is the center of diverging transportation lines is more accessible to out of town buyers and can therefore draw on a larger territory than one not so situated.

Fifth—Population of Surrounding Territory. Cities and towns located in a thickly settled territory will naturally have more buyers to draw upon than a city or town located in thinly settled areas.

Sixth—Location with Respect to Larger Trade Centers. This is important in view of the location of nearby distributing cities; for example, a city like Montclair, N. J., could hardly be regarded as a favorable wholesale market in view of its proximity to Newark and New York.

In making the selection of these cities no one of these factors was the basic consideration but all of them combined. Our sources of information were the 1920 census figures where available and where these were not available, the 1916 estimates of the Census Bureau were used, directories of basic industries such as hardware, clothing, foods, and drugs, Dun and Bradstreet reference books, Lord and Thomas Directory of the American Press, direct communication with authorities in local trade centers.

Now, our next move was to consider the location of the various outlets of the drug trade with respect to these 647 cities.

At the time this survey was made there were 303 chain store organizations on record operating 1785 retail houses; 1560 of these stores, or 87.4% of the total, are located in 225 of the important centers, and 225 stores, or 12.6%, are situated in 157 outlying towns. It would appear, therefore, that chain stores are located in a little more than one-third (34.7%) of the principal centers of the United States. This point is brought out as it is apparently impossible to achieve national distribution through chain stores alone.

We could not overlook the fact, however, that the chain stores are located in cities serving about 33,500,000 people, or 31% of the population of the United States. A total of the annual sales made by 21 of the leading chains was drawn off

and this amounted to a little more than $75,000,000 as compared with a grand total of retail drug sales by 49,000 retail stores of $1,250,000,000. In other words, about one-sixteenth of the retail sales through drug stores were made by 21 leading chains. It is estimated that approximately 12% of all the retail drug business is done by the 303 chain store enterprises.

These figures, however, are not conclusive so far as the staple drug lines are concerned and should not be disturbing to the independent, wide-awake retail druggist. We must bear in mind the fact that the chain stores carry a much larger line of novelties and specialties than is generally true of the retail drug store. The chain store enjoys a larger proportion of specialty sales than is true of the average and many commodities represented in their sales are not sold in drug stores outside of the chains at all. From the manufacturer's standpoint the chain store at best is but one outlet towards securing national distribution.

The backbone of drug trade distribution seems to lie in the approximately 48,000 independent retail drug outlets scattered through the length and breadth of the land, who are dependent, because of their location and because of the character of drug store merchandise and the demand therefor, upon the wholesale druggist located in some of the leading cities.

By taking the directories of mercantile agencies and mailing lists it was found that something like 982 names bore the designation "wholesale druggist." Without respect to names, 341 wholesale druggists so called were deducted either because of the classification "wholesale and retail," or because of purchasing for two or three individually owned stores. Forty-two additional names were deducted because these were also included in the list of chain stores. With deductions totaling 363, the number of wholesale outlets thus determined was 599. Of this number, 292 were determined to be complete service wholesale druggists, the remainder being grouped as local buying clubs, dealers in specialties, coöperative wholesale houses, small chains, manufacturers carrying a few side lines, etc., but on the whole dealing in a limited number of rapid selling staples and a few specialties or buying only for stores holding stock in the enterprises. Such houses operate on a cash basis, employ no salemen, and do not cater to the full needs of the retail druggist or give general distribution to the products they handle.

The 292 service wholesale druggists were found to have 312 distributing points and 301 of these distributing points, or 96.4%, are located in 178 principal cities; while 11 locations, or 3.6%, are in 10 outlying towns. This fact shows the decided advantage from the standpoint of a manufacturer of securing national distribution at low unit cost by dealing exclusively with the wholesale druggist.

It is estimated that the total volume of wholesale drug sales is $417,000,000, 55% ($230,000,000.00) of which is in proprietary goods, meaning those articles to which certain individuals have the exclusive right to manufacture and sell; 14% ($58,500,000.00) fixed price goods not proprietary; 31% ($130,000,000.00) sundries and specialties on which the wholesaler establishes his own margin of profit.

A survey made by the Harvard Bureau of Business Research indicates that most retail druggists buy from two or three wholesalers and that about 60% to 65% of their requirements are purchased from wholesalers; the other 40% being scattered through many sources, depending upon the character of business in each instance.

In the wholesale drug stock there is a range of from 45,000 to 60,000 separate items and the retail druggists on the average carry stocks ranging from 8000 to 12,000 separate items. It is obvious that with a business of such detail no retail druggist can afford to carry a very large quantity of any one commodity but must have access to fresh supplies quickly and in the course of the year will dispose of items totaling 40,000 or 50,000. The natural result of this is a tendency to buy a variety of articles in very small quantities. From a manufacturer's standpoint, it appears that a national market can be most economically reached by dealing with 292 service wholesale druggists serving efficiently 48,000 retail druggists reaching an average of 435 families each and a total of 20,000,000 families.

In the foregoing no attempt has been made to set forth particular advantages of trading with wholesalers such as the ordinary economies to be effected in ordering on the part of the retailer a variety of commodities to be shipped on one package, billed on one invoice, etc., or to the economies on the part of producers in delivering to 178 market centers large quantities of merchandise at low transportation expense, billing a relatively small number of well-rated accounts. The purpose of this paper is merely to visualize in brief what the outlets of drug merchandise are—in other words, a picture of the drug trade as a market for merchandise.

MORE AUTHORITY TO BE ASKED FOR FOOD AND DRUGS RULINGS.

Greater authority for the joint committee on definitions and standards in its rulings as to the purity of foods and drugs will be sought as a result of the convention of the Central Atlantic States Association of American Dairy, Food and Drug Officials which met at Washington, D. C., April 23–25. A resolution was adopted to memorialize Congress through the Secretary of Agriculture to this end, and further to secure appropriations allowing more frequent meetings of the committee. Other sectional associations are expected to take like action. The committee at present consists of nine members appointed by the Secretary of Agriculture, who is charged with the enforcement of the Federal food and drugs law. While the findings of the committee are given legal force in many States by the State legislatures, officials feel that food and drugs laws could be administered more effectively if the committee had greater federal authority.

In the election of officers of the association for the ensuing year, Ole Salthe, director of the bureau of food and drugs, department of health, New York, was chosen president. I. H. Shaw, of the New Jersey department of health, was elected vice-president; and D. M. Walsh, chief of the Baltimore station of the Bureau of Chemistry, United States Department of Agriculture, was elected secretary. Two additional members of the executive committee named were A. L. Sullivan, food and drugs commissioner of Maryland, and Dr. C. J. Vaux, director of public health, Pittsburgh.

It was decided to hold the next convention at New York City. The selection of a date will be made later by the executive committee.

As a step toward more harmonious and effective administration of the State and Federal laws in the Central Atlantic territory, the convention appointed a committee on uniform standards and regulations. The committee will seek out differences between the various State laws that need clearing up, and make recommendations to the joint committee. Other sectional associations have formed similar committees. The newly appointed committee consists of C. S. Brinton, chief of the Philadelphia station of the Bureau of Chemistry, United States Department of Agriculture; W. W. Scofield, chief of the food and drugs bureau, New Jersey board of health; Dr. J. H. Shrader, board of health, Baltimore, Md.; A. L. Sullivan, food and drugs commissioner of Maryland; and Dr. H. H. Hanson, State chemist of Delaware.