

# DEPARTMENT OF BUSINESS MANAGEMENT

Conducted by Paul C. Olsen.\*

COMMENTS, QUESTIONS AND SUGGESTIONS ARE INVITED AND WELCOME.

Readers are invited to submit comments, criticisms and suggestions regarding the material which appears in this department. The Editor also will undertake to answer questions regarding general problems of business management. Letters of general interest will be published, but the writer's name will not be revealed without his permission.

## ADVERTISING PROBLEMS OF INDIVIDUAL DRUG STORES.

BY PAUL C. OLSEN.

Individual retail druggists who do advertise usually spend for this purpose 1 to 2 per cent of their receipts. The facts are, however, that an astonishingly small proportion of the retail druggists of the United States do any advertising at all. And this is true of thousands of druggists who are thoroughly well aware of the power and productiveness of effective advertising.

Druggists are certainly not in the position of operators of variety stores with respect to advertising. Variety stores are visited daily by crowds of shoppers who come in merely to see what is on display; therefore many operators of these stores do not consider it necessary to use newspaper and other formal advertising to draw customers to them. Drug stores enjoy no such advantage. Practically every person who comes in has entered for the purpose of making some specific purchase which he had in mind before entering.

Theoretically, it should be possible, practical and profitable to use advertising and other promotion methods to increase the number of people who do come in drug stores. Window displays are effective and economical, but they can reach, of course, only the people who actually pass the store.

The real reason that more druggists don't use advertising to attract people to their stores is the difficulty of getting profitable results from this advertising. This difficulty arises, in turn, from the comparatively small volume of sales in the usual individual drug store. In a drug store with sales of \$20,000 a year, for instance, the total amount that can be spent profitably for advertising for a whole year is from \$200 up to not more than \$400. This is a total expenditure of \$15 to \$35 a month. Even in a drug store doing \$100,000 a year—and this is a drug store of extraordinary size—the total appropriation that can be made profitably for advertising is only \$1000 to \$2000 a year.

In contrast, a department store, with annual sales of \$2,000,000, quite a moderate sales figure for a department store, and spending no larger proportion of its receipts than a drug store for advertising, has available \$20,000 to \$40,000 a year for this purpose. It is obvious that this is a sum large enough to permit the full-time services of an advertising expert to plan and supervise the store's

---

\* Lecturer on Business, Columbia University and Philadelphia College of Pharmacy and Science.