

SEVEN WAYS TO MEET COMPETITION.*

*(Abstract of Paper.)*BY CLYDE EDDY.¹

There are in the United States approximately 61,000 retail drug stores, one for every 2000 of our population. Fifty-seven thousand of those stores are operated by individuals as independent outlets and 4000 of them are chain store links. Six of every hundred drug stores in the country, therefore, are chain drug stores.

The total volume of retail drug business transacted in 1929 is estimated, in round numbers, at \$1,993,000,000. Of this amount, independent stores sold \$1,630,000,000 and the chains, \$362,000,000. The chain store figure does not seem particularly imposing until we realize that it represents 18 cents of every dollar spent last year for drug store merchandise. In other words, 6 per cent (approximately one-sixteenth) of all the stores are doing 18 per cent (more than one-sixth) of all the business.

How far the chains ultimately will go in corralling the nation's retail drug business remains to be seen. A recent survey conducted by the United States Bureau of Census in eleven typical cities ranging in population from 26,000 to 3 millions indicates that in urban centers, at least, chains are now selling 29 per cent of all the drug store merchandise that is sold each year to the American public.

Producers are seeking to gain control of their distribution and the resulting growth of chain stores is revolutionizing our entire merchandising system. The drug field has witnessed the merging in recent years of Drug, Inc., the world's largest manufacturer of proprietary remedies, with the Louis K. Liggett Co., the world's largest operator of retail drug stores. The ultimate effect of that combination upon the welfare of thousands of retail druggists—and upon the distribution of drug products to the American people—doubtless will be profound. Drug, Inc., now makes millions of direct sales each day through 600 Liggett stores located at strategic points throughout the United States and influences other millions of sales made through the stores of 10,000 Rexall agents.

Present-day trends in retailing clearly are in the direction of large scale marketing, which is being achieved through the development of regular and voluntary chains, consolidations of jobbers, more intimate coöperation between manufacturers and retailers, and between jobbers and retailers, and material shortening of the distributive channel between the manufacturer and the consumer, with a corresponding decline in the importance of the wholesaler. It is probably safe to predict that there soon will be relatively few dealers who are not tied up in some way, formally or informally, with at least one of these consolidations or coöperative movements. No one can foresee the outcome of this revolution, or evolution, in retailing, or how long it will take but there are indications that the trend toward large-scale retailing is still in its infancy and that changes of great importance are likely to occur in the next few years.

Authorities estimate that the chains finally will sell up to 50 per cent of all drug store merchandise sold in the United States. How near they come to

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achieving sales represented by that figure depends largely upon the willingness of independent retailers to face the facts of chain store growth—and upon the character of the effort they make to meet the challenge of the chains. Which brings me to the subject that I should like to discuss with you to-day—"Seven Ways to Meet Increasing Competition."

1. CENTRALIZE YOUR BUYING.

So far as it is practicable centralize your purchases with a few selected wholesalers and manufacturers. Buying from too many sources results inevitably in buying too many lines. The total stock becomes too large for quick turnover, no line is quite complete, and dissatisfied customers are certain to result. Buying must be centralized to be certain of complete, adequate stocks for a minimum investment. Concentrated purchases mean quicker turnover. Also, if you place most of your orders with a few selected sources of supply, they will be more likely to extend credit when you need it. They will feel personal responsibility for your success and, in many instances, in line with the modern trend, they will offer you from time to time invaluable merchandising aid.

When you buy from too many sources, you usually buy too many lines—almost without knowing it. Then you cannot keep an adequate stock without investing money in too many places. Your total stock is too large for quick turnover but lines are short, and you run the constant risk of dissatisfying customers. When you centralize your buying, you get complete, adequate stocks with a very much smaller investment. You satisfy customers, yet your average stock remains low. The first big result of concentrated purchases is—quicker turnover.

Centralize your buying and, when possible, buy direct. Quantity buying with its larger discounts has contributed much to the prosperity of every successful retailer. Nor is it necessary as a rule to buy in excessive quantities to get the best prices. The wise manufacturer offers quantities which suit the needs of his distributors—and whittles his deals down to fit the shelf and counter space of his average retail customer.

Hand to mouth buying is advisable only within certain limits and can easily be overdone. Buy in small enough quantities to avoid loss through stock shrinkage and idle capital but remember that starved stocks mean incomplete stocks and that few things are more damaging to a business than a reputation for being "just out" of things called for. Whatever the item may be, you lose much more than the profit on that piece of merchandise—you stand a good chance to lose the customer as well, and as many of her friends as she may tell that your stock is incomplete.

2. BUY ONLY WHAT YOU KNOW YOU CAN SELL.

Buy only what you know you can sell. Successful merchants make money selling fewer lines. Unsuccessful retailers are left to hold the bag, with too many brands, too many varieties, incomplete stocks of fast-moving lines and surplus stocks of slow-moving ones. Concentrate, pick out the real demand merchandise and carry a full and complete assortment.

If you operate a so-called merchandising store decide whether you are going to buy for the few or for the many. This is a question which every retailer has

to face. Shall he be influenced by a few customers, or shall he buy the goods which most of the people want most of the time? No retailer has to carry every item suggested to him by a customer or by any one else. Active demand is the key. Put your money in the right place—and not try to have everything, but have what the mass of the people want.

Buy only what you know you can sell. There has been great waste and loss arising from injudicious choice and slack, careless management of the stock of goods carried. Too much of the stock in the average retail drug store is apt to consist of unadvertised, private brand merchandise. It does not move. It makes no profits. A retailer, at frequent intervals, should make a drastic "check-up" of the items he has been handling. If they prove to be slow-moving and unprofitable, he should be quick to eliminate them from his stock.

3. ADVERTISE YOUR STORE, PERSISTENTLY.

Advertise your store, persistently and in every way that you profitably can.

The man who operates a store with a clean and well-lighted interior and with well-dressed windows; who provides a comprehensive service and who is pleasant and honest in his contacts with his customers—is advertising.

No business can be run—in fact no sale made—without advertising. Advertising does not consist exclusively of printed word or picture. Advertising consists of doing those things that attract attention to and create a favorable impression of the business. Hence, a proprietor's personality, his correct stock of goods, his attractive store and the high quality of the service he gives his customers are natural advertising assets.

Advertising can be effected through attitude, word and actions. A customer who has been courteously and well served advertises the store. The clerk who is rude advertises the store—adversely. Money spent for excellent copy in good media will not bring permanent customers to a dirty, mismanaged store, attended by indolent employees and where service is an unknown element.

Examine the front of your store, it is your best advertising medium. It carries your message every day to your prospective customers. Make it talk for and not against you. Use plenty of fresh paint and bright light. Keep your windows clean, orderly, attractive—with clearly marked prices on your goods, and a change of display every week. Make your store front advertise a live, progressive, modern store—and have your store "as advertised" inside.

Follow up your store and window display advertising with a monthly store news bulletin or some similar announcement mailed to a selected list of your substantial, good-paying customers. Use your local newspaper, regularly, if it really covers your territory and reaches the people whom you want to reach. And, in your advertising, keep these simple rules in mind: Don't try to say too much. Make your announcement carry one big impression. Give one selling point the "key" position. Don't crowd, and don't be afraid of white space. Make your advertisement simple, sensible and easy to read.

Just a word concerning coöperative advertising. Go in for it. Its use helps hold local associations together and the kind of "copy" usually employed helps build up good will for pharmacy and pharmacists. But don't use the group strength of your organization as a club to coerce any manufacturer into helping

to defray the cost unless you know that the manufacturer already is helping to pay for chain store advertising. The N. A. R. D. has adopted a resolution opposing retail store advertising paid for by manufacturers, its members knowing that the chains are better organized than are independent retailers for the use of subsidized advertising and that when a manufacturer coöperates with the independents, he lays himself open to insistent year-after-year demands for similar subsidized advertising on behalf of the chains.

4. MAKE YOUR STORE SELL FOR YOU.

Does your store function as your master-salesman, displaying merchandise and creating sales, or does it serve as a warehouse instead, merely holding—and sometimes hiding—the articles you have for sale?

Good display of merchandise is the best sales help that the average retail druggist can employ. People get impressions through the eyes quicker and more clearly than in any other way. Eighty-seven per cent of the impressions that the average person receives of the world about him are received through the sense of sight alone. Sound conveys 7 per cent of the impressions he receives; smell, 3.5 per cent; touch, 1.5 per cent; and taste, 1 per cent. The eyes convey thirteen times as many impressions as their nearest competitors, the ears. How much easier it is, therefore, to attract attention through sight than through any of the other senses!

Chain store success is based largely upon 100 per cent display of merchandise. Goods in boxes, under counters and tables, must be asked for. The same merchandise, well displayed, finds buyers—creates sales. The selling power of the store itself is the chain's strongest asset—and that means getting as near as possible to 100 per cent display.

Open displays make for successful selling and open displays call for display tables, not too high. Allow plenty of room in your aisles to lead people through your store—and then place your merchandise out where customers can see and handle it. Women especially buy with their eyes and hands, and they love to shop—give them a chance, they buy 78 per cent of all the merchandise you sell.

Show demand merchandise. Keep your fast-selling goods well displayed. Nothing so shakes the confidence of a customer as the constant display of off-brand merchandise with never a glimpse of a nationally advertised product on show in the store. Display and sell demand merchandise if for no other reason than to reassure your regular customers, and to attract new ones to your store. The display of demand merchandise brings customers into your store, creates confidence in the mind of the consumer, suggests—and makes possible—the sale of additional, long-profit products and adds to your net profits by increasing your turnover.

Use plenty of light in your store, light is what your displays talk with. A well-lighted store attracts and interests customers while a dimly lighted one drives them away. If you doubt this, increase the power of all the light bulbs in your store and watch the results in added sales. Actual experiments show that you cannot economize on lights. The sales curve sags faster than the drop in meter charges—the dollars in sales you lose exceed the cents you save on your electric bills. The unit of measure of light is called the foot-candle. In a recent store

test, when the level of illumination in the windows was 15 foot-candles, the people who stopped at the windows were counted. When the level of illumination was increased to 40 foot-candles, it was found that 33 per cent more people stopped to look at the window. Increasing the illumination to 100 foot-candles attracted 73 per cent more people. While the cost of lighting the window increased as more light was used, the number of people observing the display was increased much more. The increase in sales and consequent profits far over-shadowed the increase in the cost of lighting. Too many independent stores are badly lighted. Plenty of light should be the rule in every retail store.

5. PERSONALIZE YOUR SERVICE TO YOUR CUSTOMERS.

As an independent retailer, you have one outstanding advantage over your chain store competitors—you can give your customers individual, personalized service. Assuming that your personality is at least as good as the average, try to get more of it into your store. Do less bookkeeping and serve more customers. In any line of trade retailing is a service, in pharmacy a large part of it is *professional* service which can be rendered to best advantage only by the pharmacist himself. Receive your customers as acquaintances and friends. Satisfy their complaints, retrieve lost sales, meet their individual requirements. Capitalize your greatest asset, personalize your service to your customers.

Close contact with your customers and direct, personal interest in selling, will give you an intimate supervision over your employees and that supervision, in turn, will enable you to prevent in your store "the raw, crude incidents that happen daily to customers served by uninterested and inefficient clerks in competing chain stores." Only by "waiting on the trade" can you learn precisely what your customers want. Only by spending a large part of your time in the front of the store can you be certain that they get what they want—when and as they want it.

Every person in your store represents your store to your customers. How well are you being represented while you are here to-day? Every sale is a test, and an opportunity. Do your clerks represent you to advantage every time? Do they know the merchandise they are selling? Do they tell a plain, truthful story about it to each customer? Are they courteous and prompt? When they make a sale do they suggest a logical additional item? Do they greet your customers with a surly "Sumpin for you?" or with a cheerful "Good morning?"

Here are ten fundamental rules which should be enforced in every independent store:

1. Be alert.
2. Be courteous.
3. Be eager to serve.
4. Be attentive.
5. Be accurate.
6. Know the goods you sell.
7. Tell the truth about merchandise.
8. Call attention to new merchandise and to special offerings.
9. Give quick service.
10. Be agreeable, smile.

Those rules should apply to the proprietor, too, and remember that the proprietor who is always on his toes finds that his clerks are quick to imitate him, to his disadvantage, if he is careless, lazy or disinterested in trade.

Thirty per cent of lost sales are lost because of inefficient salesmanship.

Another 33 per cent are lost because of poor service. The human element enters to that extent into the success or failure of the average store. It is difficult to over-estimate the importance of higher standards of personnel; of better training, of greater efforts to please and hold customers.

Capitalize your greatest asset—personalize your service to your customers.

6. CONSIDER THE IDEA OF OFFERING THE PUBLIC LIMITED PROFESSIONAL SERVICE.

The personal and direct ownership of independent retail stores is an advantage because it enables independent retailers to modify their business methods or policies whenever such changes may be needed to meet new conditions in their local retail fields. Pharmacists, confronted with increasing competition from the chains, have found it profitable to establish so-called professional drug stores, and to specialize in quality merchandise which the chains do not carry, or do not advertise. If you find yourself competing at too great a disadvantage with the chains, give thoughtful consideration to the possibilities of specializing in professional service, and quality merchandise. By pushing quality lines you can place yourself practically outside of cut price competition and you will not forget, of course, that even the quality line needs national advertising to make it well enough known to the public to insure consumer demand from displaying the dealer aid material of a manufacturer of quality products whose name has been made well known to the public by consistent national advertising.

Study your community carefully. Adapt your store to the people you want to serve. "Use, to the fullest extent, your intimate knowledge of the needs and wants of your customers—but be sure that you have this intimate knowledge, and that it is accurate and up-to-date."

There is plenty of room in this country for alert and progressive independent stores. Every state is dotted with retail druggists who are making their stores invaluable to the communities that they serve. Those pharmacists supply the needs and wants of their customers in a personal way that cannot be duplicated. And, because they are specializing in personal, or professional, service and because they supply quality products which the chains do not find it profitable to advertise, those far-sighted independent retailers are not much concerned about cut prices. They sell quality and service at fair prices which their customers gladly pay.

7. ORGANIZE FOR STUDY OF RETAIL DISTRIBUTION.

During the war period—1914 to 1919—production, broadly speaking, was the source of most of the difficulties that business men had to face. In the intervening years the problems of production have gradually been overshadowed by the difficulties of marketing.

Many of the best minds of American business have been engaged with the problems of distribution. Manufacturers, wholesalers and chain store operators have interested themselves in providing ways to move merchandise smoothly and economically from the manufacturer to the consumer, and each group has presented a different solution to the problem. The principal results of all this activity have been rapid expansion of chain and department stores; the linking together of retail and manufacturing groups; the merging of wholesalers; the development of coöperative buying and the growth of voluntary chains.

All of us are familiar with the efforts that have been made by others to solve the problems of the retailer—and await with interest the announcement of a comprehensive plan by means of which the retailer shall solve his problems for himself. A committee of this ASSOCIATION should be at work upon those problems during the ensuing year and to that committee, and to the individual druggists of the United States, I respectfully refer the seven suggestions that I have made concerning ways and means of meeting increasing competition in the drug field.

It is my firm belief that the independent retailer in the drug field will find a way not only to hold his own, but to strengthen his position in the present scheme of things.

PHARMACEUTICAL TRAINING VERSUS THE MODERN PHARMACIST.*

BY WILLIAM F. REINDOLLAR.

The recent years are characterized by the advancements they have recorded in pharmaceutical education. An increased prerequisite standard for matriculation in accredited colleges of pharmacy was but an initiatory step to attainments more significant. The scope of the pharmacy course has been extended by the addition of another year, has been rendered more comprehensive by the presentation of general educational subjects, and more pragmatic by the consideration of commercial, as well as professional problems. State boards of pharmacy have coöperated with the colleges to assure the public that none but rigidly trained and thoroughly qualified individuals are permitted to practice. The registered pharmacist of to-day is not only an individual of demonstrated competency but one who compares quite favorably with his contemporaries in the allied professions.

With this very efficient training together with the high sense of responsibility supposedly instilled during its acquirement, as antecedents, one might expect work of a superior quality, characterized by accuracy and precision. Such, however, is not entirely the case, as the investigation herein will reveal. While the objection may be raised that this report is somewhat premature when applied to the recent graduate, and that older pharmacists are of a necessity included, let it be borne in mind that in the state wherein these data were collected, prerequisite requirements have been a reality for a decade, and the three-year course in pharmacy, for five years.

A part of the work of the Food and Drug Control Laboratory of the Maryland State Health Department consists in the routine examination of samples of drug products collected from the various pharmacies throughout the state. For the purpose of this study a list of the simpler galenicals of the U. S. P. and N. F. together with several extemporaneous preparations, were selected and their analytical results compiled and examined. The selection comprises those products which are, or should be, prepared by the retail pharmacist; the period of collection embraces the years 1925-1929, inclusive. In order to eliminate as far as practicable the "machine-made" product, and thoroughly realizing that not all galenicals that should be, are compounded by the retailer, the following precautions were entertained:

* Section on Practical Pharmacy and Dispensing, A. Ph. A., Baltimore meeting, 1930.