

# 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 will also 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 AND SELLING PROBLEMS IN DRUG STORES.

### *Store Layout and Arrangement—Concluded.*

BY PAUL C. OLSEN.

Retail pharmacists have many legitimate complaints to make about the conditions and problems they are compelled to meet. One of the most unusual complaints I ever heard, however, from a retail druggist was one expressed to me by the proprietor of a southern Indiana drug store.

I had asked him if he had had any experience in his store with a display table featuring first-aid supplies. This was his answer.

"Yes sir, I had one of those displays right in the middle of that floor space you see there for two weeks and finally I had to give it up. You know I had to spend fifteen minutes to half an hour every morning right after the store opened, straightening up the goods on that table and looking up merchandise to put out to replace what had been sold!"

I suppose this druggist is better off without such a display and its daily interruption of the tranquility of his morning routine. Incidentally, I suspect, the major part of his morning routine consisted of a thorough reading of the Indianapolis morning paper and then a sidewalk conference with the hardware merchant next door. The invariable upshot of these sidewalk conferences, I am sure, is an agreement that the local people don't appreciate the hometown merchants and are going to Indianapolis in steadily increasing numbers to do their shopping.

The druggist expressed in reverse English a principle which is well known to all successful merchants. Displays, if they are at all successful, will sell merchandise. Careless customers, too, will upset displays and thus handicap their selling power. All this means that the store proprietor must exercise, through the day, constant care and watchfulness to see that his displays are well arranged and in order.

Disorderliness and a lack of care and arrangement become apparent more quickly in the case of some displays than is the case with other displays. This danger of lost sales and profits is present, however, in all types of displays. It just is a little more apparent in the case of some.

Harvey P. Frank told me, for instance, that in a drug store in Florida which he managed soap would sell steadily and in large volume when displayed in a wire

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waste paper basket placed on the counter and tilted a little forward. The minute the basket became less than two-third's full, though, sales of soap from it stopped immediately. When the basket was filled again to capacity, the sales from it magically began again.

How many times does one see in a drug store display cards with one or two items still hanging dejectedly to them. Merchandise won't sell when displayed in this form and the use of display space in this way prevents its use for displays of a type which would sell merchandise.

It is common advice, of course, to say that displays should be clean and orderly. Customers expect it. What I have tried to show in the paragraphs above is that unless displays are clean and in order, sales and profit opportunities from them are greatly reduced or even vanish altogether.

What is true with respect to cleanliness and order of merchandise displays applies, of course, with equal force to the fixtures and equipment used for showing the merchandise. Adhesive tape is a simple and effective way of making *temporary* repairs to cracked glass. The emphasis in the sentence above should be upon the word temporary. When adhesive tape has served so long that it is grayish black with grime, and its edges are curled and frayed, that is a notice to all who enter of carelessness and indifferent storekeeping.

A druggist in a county seat town in eastern Kentucky has a glass-topped case directly alongside the wrapping counter, a spot where most of the customers stand while waiting to be served. Underneath the glass is the red typewritten warning, "Danger! Don't lean on the glass and don't lay packages here."

"I hope that little card will save me money," this druggist told me when I visited him recently. "I have had the top of that case cracked three times in the past three years. Aren't people careless with other people's property?"

People enter drug stores for professional services and for merchandise sold there. They don't come in for instructions on how to behave. More than one soft-spoken, easy going Kentuckian who has patronized this drug store in the past is likely now to go to a store which does not display signs carrying injunctions on what not to do. It would be far better for this druggist to move his case or remove the glass from it rather than to risk reducing the most priceless possession he can have—the good-will of his customers.

In past years there has been a tendency to buy fixtures and equipment on the basis of their own beauty, rather than for their ability to increase directly or indirectly the sales and profit opportunities of the store in which they are placed. The only possible justification for the purchase of any item of fixtures or equipment is the contribution it can make toward increasing sales and profits. This contribution may be direct or indirect.

It may be, for instance, in the form of protecting perishable merchandise, thus insuring that customers receive this merchandise in the finest possible condition. Biological refrigerators do this, of course, in the prescription department. Similarly, a label cabinet reduces waste and consequent printing costs and helps to make possible more rapid and accurate service to customers.

The type of cash drawer which requires mysterious manipulations under it in order to open it, and the opening of which is accompanied by loud and unmelodious bell ringing is now to be found mostly in Chinese laundries. Few

druggists would think of making change from this time-honored device. Almost everywhere it has been succeeded by the cash register. The cash register, when carefully and fully used, insures far greater accuracy in the handling of cash and it also produces at the same time, a number of vital and exceedingly useful records of the day's business.

The mistake which is usually made in purchasing cash registers is to buy registers which are unsuited to the store they are to serve. I saw a six-drawer register put into a drug store which never in the brightest days of the Coolidge era had ever taken in more than \$50 in a day nor employed more than two sales people. For a fraction of the amount the druggist had promised (on deferred payments) to pay for this register, he could have purchased a machine adequate for his needs and devoted the rest of his money to some very apparent and much needed improvements in the store building. Certainly a \$1200 cash register is incongruous in a \$40 a day drug store with a grimy and worn out linoleum and cracked and discolored plastering.

Another example of a failure to obtain full profits from the money invested in cash registers came to my attention in a drug store in Eastern Pennsylvania. This again was a drug store with sales of \$35 to \$50 a day. To avoid the inconvenience of walking from the front of the store to the one \$300 cash register he had at the other end of the store, this druggist adopted the amazing expedient of making change at the front of the store from money which he kept there in a battered cigarette carton. What an unfair temptation this was to employees of the store!

Obviously it is necessary for the proprietor of a drug store to carry on many activities which, while vitally necessary, do not contribute directly to the profits of the business. He must have, for instance some convenient place to file the merchandise invoices, as well as the prescriptions which he receives. There must be a safe in which to keep over night the store receipts and valuable papers. If the proprietor is of a promotional frame of mind he is constantly sending to his professional and lay patrons information about his store. Then there must be a place to keep this material until it is used and usually, too, a convenient means of recording the result from its use.

If his store serves people who demand credit service, that creates a need for space and equipment in which to file the records of these sales. Also there is the necessity of space in which to prepare monthly statements for mailing and to make other entries in the records.

What I am trying to emphasize is that all of these necessary and unavoidable tasks and the space and equipment which they require should not be carried on in store space from which profitable sales can be made. A drug store has so many different kinds of articles to sell that even the proprietor and his assistants frequently forget about some of the things they have there to sell. How important it is, therefore, to use every available square foot of space which customers can be made to visit in the store for the showing of goods which the store has for sale. A drug store proprietor deliberately sacrifices sales and profit opportunities when he uses store selling space for non-selling activities.

Balconies and mezzanine floors in some drug stores have been made available for selling space for merchandise and services. Telephone booths, soda booths

and tables and even a book department often have proved profit makers in such spaces. Basement space sometimes can be used similarly.

When my friends Walter Whelan and Frank Colahan bought a long established drug store in Philadelphia, one of the first things they did was to remove to a rear store room the ancient roll top desk which had stood like a landmark for years alongside the wrapping counter in this store.

The profits from the merchandise which has been sold in this store from the space once occupied by this venerable but wholly unproductive piece of furniture have been more than sufficient to pay each month the carrying charges on the store property which they own and occupy.

The kinds of customers which a drug store serves determine to a considerable extent the type of fixtures and equipment it should have. As I said before, there has been a marked tendency toward the purchase of unnecessary elaborate and costly fixtures and equipment not only in drug stores but also in many other types of retail stores. I don't mean to suggest that a drug store in a wealthy residential community should have fixtures and equipment which make the store look like a section of a Ghetto push cart market. That would be as foolish as to equip Peacock Alley in the new Waldorf with park benches.

Fixtures should be appropriate but no more elaborate than is justified by the character of the store and the clientele served. Unnecessarily elaborate fixtures have proved a handicap to many drug stores. They attract attention to themselves rather than to the merchandise they are supposed to help to sell.

On the other hand, it is well to remember that the impression created by the fixtures and equipment should be one which inspires confidence in the store, its professional services and the merchandise it has to sell.

Sudden changes in the character of fixtures and equipment used in drug stores often have negative effects. Everyone has heard stories of pharmacists growing prosperous who, either from motives of generosity or personal pride, have put back a considerable share of their profits into luxurious interior furnishings and equipment for their stores. All too often the reaction of customers to such a change, particularly customers with limited incomes, is expressed in the following statement.

"They must be making plenty of money in this store. I'm going to trade where prices are more reasonable."

An equally obvious negative reaction from changes in the character of fixtures and equipment can come from a change from the rich beauty of polished walnut to the drab plainness of pine boards. Changes can be made in the character of the fixtures and equipment in a drug store but the best practice, it seems to me, is to make them gradually and, therefore, less evidently.

A druggist who believes, for instance, that less elaborate fixtures and equipment would serve him and his customers better can prove the truth of his judgment by changing part of his equipment to the new form and carefully observing the results as indicated by customers' reactions to the new equipment and sales and profits earned from it.

He may believe, for instance, that sales of toilet goods in his drug store can be made to better advantage from open top tables than from glass-enclosed wall cases. By the removal of one wall case and the substitution of an open top table,

he can prove in a few weeks' time, in the manner above, whether or not his judgment is correct and, therefore, whether or not further changes along the same lines should be undertaken.

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PURDUE UNIVERSITY PHARMACY EXTENSION DEPARTMENT.\*

BY J. L. WEINLAND.<sup>1</sup>

In addition to the Schools and Departments of Instruction, Purdue University maintains other branches of great importance to the public. The most valuable of these are the extension departments of the several schools. In all extension work at Purdue no correspondence courses are given, nor is university credit granted for attendance at instructive and educational conferences held by the departments.

The Department of Agricultural Extension, organized under an act of the Indiana State Legislature of 1911, has for its function the extension of knowledge and the carrying of the results of the work of the Experiment Station and of the School of Agriculture to persons not in attendance at the University. Its activities are manifold and various, reaching hundreds of thousands of farmers and others seeking a knowledge of agricultural practices and rural betterment.

Likewise, the Engineering Extension Service carries the benefits of engineering teaching and research to persons and industries in various parts of the state. Lectures are given to civic, commercial and industrial organizations. Bulletins and circulars are also issued. Conferences, classes and special schools are held by the University and at various other places in the state for the discussion of problems of interest to those engaged in public works, in manufacturing, and in public utility industries.

Several years ago, Dean C. B. Jordan, of the Purdue University School of Pharmacy, realized that many Indiana druggists had little or no opportunity to study scientific business organization and merchandising, and that there was no group to whom they could go to get impartial and confidential help. He, thus, evolved a plan to help these men cope with their business problems. The Pharmacy Extension Department was planned similar to those functioning in other Schools of the University, except that this Extension would be only for the use of the drug interests of the state.

This service is free to the druggist if the information can be given him from the office in Lafayette. If it is necessary for a worker to go to his store, the only charge made is traveling and living expenses of the worker, no fee being required. Since the Extension Department is in close contact with the retailing interests of the state, the manufacturer and wholesaler can use this service to their own advantage as well as to the benefit of their customers.

In the work of the Extension Department, which includes merchandising, retailing and other business problems, all correspondence and communications, reports, surveys and business analyses are kept strictly confidential, but the lessons learned from each are passed on to all druggists of the State. Information concerning a particular study cannot be obtained by the one for whom it was made.

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\* Section on Commercial Interests, A. Ph. A., Miami meeting, 1931.

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