

# 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.

### ADVERTISING MEDIA.

BY PAUL C. OLSEN.

One of the fundamental requirements of a successful advertising campaign is that the merchandise and services offered in the advertisements shall be easily obtainable by persons who read the advertisement. This is simply another statement of the well-known principle that the forces of demand creation and those of physically supplying the demand created shall be as closely coördinated as possible. The greater the degree of this coördination, the less the waste.

It sometimes is true, of course, that manufacturers deliberately advertise merchandise and services for sale in areas in which the merchandise and services are not then available. The purpose of such advertising is to force distributors in that area, as a result of the demand created, to take the necessary steps to physically supply this demand.

This is an exception, however, which does not apply with any force to the advertising of retail stores. In newspaper advertising the area in which the newspaper circulates should correspond, as closely as possible, to the trading area of the store advertising. The greater the lack of correspondence in these two areas, the greater the waste and, consequently the higher the costs of the newspaper advertising thus used.

As a result of the facts set down above, it is obvious that the larger the city in which a drug store is located and the more remote it is from such a city's central shopping area, the less the opportunity for effective newspaper advertising. Practically the effect of this restriction is to eliminate entirely profitable newspaper advertising by city neighborhood drug stores.

Only a moment's consideration is necessary to show why this is true. The *New York News*, a morning tabloid newspaper, has the largest circulation of any daily newspaper in the city of New York. It reaches on week-end mornings over 1,300,000 families in the city of New York and surrounding metropolitan areas. There are almost 4000 drug stores within the corporate limits of the five boroughs comprising the city of New York. A great majority of these drug stores are neighborhood drug stores. The fact that nearly 4000 drug stores can exist within the city of New York is an indication that the area which each drug store serves is

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small. As a matter of fact, with about 1,600,000 families in the city of New York and nearly 4000 drug stores there, the average number of families per drug store must be about 400.

A city neighborhood drug store with 400 families more accessible to it than any other drug store if it is to use newspaper advertising in order to reach these 400 families must, if it chooses the *New York News*, advertise not only to these 400 but to over 1,300,000 other families. The waste of such a procedure is obvious and naturally eliminates from consideration for a neighborhood drug store in large cities the use of daily newspapers.

This situation also shows clearly one of the inherent advantages possessed by city center drug stores and by chain drug stores in their competition with individually owned neighborhood drug stores. A chain drug store organization in the city of New York might have stores accessibly located in all the shopping areas of the city. This would mean that a very large proportion or even practically all of the more than 1,300,000 families who buy the *New York News* every day could reach these stores with little departure from their daily routine.

It will be seen that newspaper advertising of a group of drug stores in such a manner may be productive and profitable because of the close coördination of the demand created by the newspaper advertising with an accessible means of supplying that demand. The cost of such an advertising campaign can be low not only because of the elimination of waste, but also because of the comparatively small cost of the advertising when divided among a large number of non-competing stores.

The effect of this situation is to eliminate for many thousand drug stores in this country the use of newspaper advertising as a means of creating demand for the merchandise and services offered in these drug stores. This is a handicap. There is no doubt about that.

The handicap would be more obvious if it were applied to window display, for instance. Suppose there were a requirement that no drug store be allowed to display merchandise in its windows. The handicap would be more easy to see, but no less real, than the one which exists to-day for many drug stores in the economic and profitable creation of demand by newspaper advertising.

Two means have been suggested for overcoming this handicap. One is co-operative advertising by a group of druggists whose stores serve all, or virtually all, of the areas in which a city newspaper circulates, yet whose stores are sufficiently separated from each other as not to be competitors.

When such co-operative campaigns have been successful, their success has been due, in large part, to the energy and self-sacrificing devotion to the interests of all by one or a few persons who are responsible for the successful direction of the advertising and the required concurrent merchandising activities.

If, for instance, an advertisement in such a co-operative campaign is proposed on the subject of first-aid supplies and contains, perhaps, a list of first-aid supplies which should be in every home and, perhaps, also the offer of a free booklet on first-aid procedure, it is necessary, if the campaign is to have the greatest productiveness, for all the stores co-operating in the advertising campaign to have an adequate stock of this merchandise and to display this merchandise in the windows and in the stores so as to reinforce the demand created by the newspaper advertisement.

A further requirement in a coöperative campaign of this kind is some means of identification by which a person who reads the newspaper advertisement may know the particular store accessible to him at which this merchandise can be purchased.

A group of druggists in Newark, New Jersey, have carried on for some time a newspaper advertising campaign of this nature. Each contributes weekly a small amount of money which pays the cost of the newspaper advertising space used coöperatively and the other merchandising services necessary in order to obtain the fullest results from the advertisements.

The drug stores in this coöperative group are called the Independent Druggists' Alliance. Each store has exterior and interior arrangements which identify it as a member of the group. In this way the necessity of listing in each newspaper advertisement all the members of the group coöperating is eliminated and the space thus saved can be used for creating a desire for merchandise and services available in the stores advertising.

Similar coöperative campaigns in newspaper advertising by drug stores have been undertaken with some success in other cities.

Newspaper advertising has accumulative effects. It is, therefore, necessary in a successful coöperative campaign for the advertising to be extended over a sufficiently long period for this advertising to begin to receive some of these accumulative results. Otherwise, individual stores contributing are likely to become dissatisfied before the advertising campaign really has continued long enough to prove its value.

Furthermore, the profits obtained from such a newspaper advertising campaign are difficult to measure definitely. It is important, therefore, for the directors of the campaign to devise methods of determining from time to time the results being obtained by the members contributing. This helps to maintain the continued interest of coöperating stores.

Inasmuch as coöperative newspaper advertising campaigns of this kind are paid for by a group of individual drug store proprietors, it is natural that many of these individual proprietors should have ideas about how the campaign shall be conducted—the items and services which shall be featured and the form in which they shall be featured in the newspaper advertisements. Here, again, great tact and understanding must be possessed by the directors of the advertising campaign. They must have, as well, an open-minded willingness constantly to test the effectiveness of ideas for the campaign suggested by the individual druggists who are paying its cost. It will be seen, too, that in the planning of a coöperative newspaper advertising campaign of a group of individually owned drug stores in a city, there will be practical difficulties in the selection of coöperating drug stores of equally high standards. That is why, in the I. D. A. campaign in Newark, for instance, it was considered absolutely necessary to include, as an integral part of the coöperative advertising campaign, a service which had as its purpose the raising to an equally high level the professional and sales standards of all the stores included.

The neighborhood newspaper is sometimes suggested as a second means by which individual drug stores in city neighborhoods can obtain most of the advantages of newspaper advertising.

The city neighborhood newspaper is fundamentally the same in its objectives and purposes as daily and weekly newspapers in small communities. The appeal of the daily or weekly newspaper in small communities is its emphasis upon local news. People are familiar everywhere with small communities, many of them close to large cities and in which the newspapers of these large cities circulate extensively; yet in these communities local daily or weekly newspapers occupy a place and furnish a service which cannot be replaced by out-of-town metropolitan newspapers.

Neighborhood newspapers in large cities justify their existence for the same reason. Sometimes large cities are formed by a consolidation of a group of small adjacent communities. The community interests of the former separate sections persist. The local or neighborhood newspaper continues as a tangible expression of this interest.

In Seattle, for instance, a city of nearly 400,000 population, the *West Seattle Herald* is a weekly devoted to the local interests of one section of the city. Probably the best known and largest development of the neighborhood newspaper is the *Bronx Home News* which serves primarily the local interests of that huge section of the city of New York north of the Harlem river. In Philadelphia, the *Olney Times* has existed for more than 20 years as a local newspaper of one residential section of the city. Other neighborhood local newspapers in Philadelphia have even longer histories.

It will be seen, however, that the community interest obtainable by a newspaper serving a neighborhood section of New York, Philadelphia or Seattle is not as great nor as unified as this interest would be in a more isolated community.

When a drug store proprietor considers a newspaper advertising campaign in a city neighborhood newspaper, it is necessary, therefore, for him to assure himself, first of all, of course, that the circulation of the newspaper corresponds to the trading area served by his store. More important, it is necessary for him to assure himself of the reader interest which exists in the city neighborhood newspaper. There is likely to be much more variation in this reader interest among various city neighborhood newspapers than there is in local newspapers serving more isolated communities.

Other advertising media available for advertising campaigns for drug stores in city neighborhoods and in other localities will be the subject of the next article in this series.

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## PROFESSIONAL PRESTIGE.<sup>1</sup>

BY H. O. TIEGEN.<sup>2</sup>

A profession is defined as that of which one avows or claims an intimate and thorough knowledge, also a collective body of persons engaged in a calling.

Prestige is used in the sense of its meaning, as an influence derived from character or reputation.

Professional prestige then would be the character or reputation of an individual or a profession based on the influence of the person or profession with regard to the service rendered to humanity.

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<sup>1</sup> A paper presented before Minnesota Pharmaceutical Association.

<sup>2</sup> Moorhead, Minn.