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A Study of Trends in Pharmacy Consumer Credit Operations

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A STUDY OF CURRENT TRENDS IN PHARMACY

CONSUMER CREDIT OPERATIONS

BY

HAROLD S. ABBOTT

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE

REQUIREMENTS FOR THE DEGREE OF

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IN

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UNIVERSITY OF RHODE ISLAND

1979

MASTER OF SCIENCE THESIS

OF

HAROLD S. ABBOTT

Approved:

Thesis Committee

Major Professor _Norman A. Campbell_

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A A Michel

Dean of the Graduate School

UNIVERSITY OF RHODE ISLAND

1979

THESIS ABSTRACT

This study offers a sociometric evaluation of two groups of Retail Pharmacy Administrators; fifty-eight respondents, members of the National Association of Chain Drug Stores, and secondly, forty-seven respondents from independent pharmacies in the State of Rhode Island, both expressing their individual preferences in offering consumer credit.

The study advances one area of understanding as being axiomatic: Examination of the economic system of our society never fails to uncover one outstanding need; to satisfy human wants! In this context we asked retailers to view credit sales as opportunities or problems on a structured, non-disguised mail questionnaire. A single mailing of 341 questionnaires were divided between the two groups and represented 191 to the total chain association (active), and 150 independent pharmacy owners of record on August 1, 1979.

A varied degree of interpretation was found from the frequencies and cross-tabulations analyzed from the program using the Statistical Package for the Social Sciences (SPSS). Amply expanded answers were tabulated for several important variables relating to current practice in extending and limiting consumer credit at the pharmacy counter. A note of cautious pessimism was uncovered from the single essay

question seeking the advisability, or restraint, of catalyzing sales
by offering additional consumer credit. Queries concerning electronic
funds transfer, credit advertising, credit legislation, were observed
and cross-tabulated with demographic characteristics for detection of
significant differences between chains and independents.

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ACKNOWLEDGMENTS

In liberating this graduate thesis from the author, several notable people endured during many temporary suspensions of usual graduate function; they were more often maligned than emulated. My periods of vacilation were intended as a tribute to their presence and my need to remain bound by mutual interests.

Foremost, an ever-lasting debt of gratitude to Dr. Norman A. Campbell, Chairman and Professor, Department of Pharmacy Administration, University of Rhode Island, for serving as advisor, teacher, mentor, and confidant to his first graduate student older than his major professor. The author will not soon forget his acceptance, and encouragement, after offering less-than-auspicious credentials for his place in the graduate program. To paraphrase Hamlet - In consideration of all virtues, he is a man whose likes I will not see again.

Gratefully acknowledged are the following: Dr. Michael D. Jacoff, Dr. Peter D. Hurd, Assistant Professor, early and late in the course of this project; also Dr. Conrad Hill of the College of Business, for his expertise in the formation of the questionnaire. Many thanks are due to Instructor Richard DeFusco of the College of Business Management, and Steve Spiro, graduate fellow, in Business Research, for their valued assistance in preparation of my SPSS program, along with the most necessary re-orientation in experiment statistics.

A final salute and bouquet to the ladies, without whose daily ministrations, and neat application to detail, staff and students would walk out the windows instead of the doors; thank you, Lisa Pettinicchio, Administrative Secretary to the Department of Pharmacy Administration, for the many hours spent coordinating my lack of coordination. To Sylvia Stoner, typist extraordinary, for her efforts in reducing my jumble to the printed word. Katherine McGee of National Association of Chain Drug Stores, whose input over the past few years has been a valuable and most appreciated addition to this thesis, this author thanks you and looks forward to the pleasure of meeting you.

Finally, to one, unchanging in good nature, consociated and invariable in loyalty and affection, my wife, Judy, who agrees with me daily that, tomorrow, I shall begin to write my thesis!

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INTRODUCTION

Purpose

For my personal shopping convenience, I need credit! It is the
first attitudinal question in my survey, and a fact of life; I need
credit. Bankers understand that over 90% of all business transactions
are performed by using credit. "It is the lubricant that keeps the
wheels of commerce turning," quoted Elaine Barton, Customer Service
Representative for the Old Stone Bank of Rhode Island. Do pharmacy
retailers view credit sales as opportunities, or problems? This study
advances a strong assumption that utility or benefit is a measurable
commodity.

Consumer education has burgeoned enormously during the past ten
years. Its expansion will significantly alter the nature of the
marketplace.[1] This last sentence appears in the Harvard Business
Review, in 1976. Beyond product attributes, benefits, and perils,
consumers are being taught the advantages of seeking their pharma-
cist's advice. The marketing concept, as a philosophy of action, is
equally applicable to the marketing of a product, the marketing of a
service, or the practice of a profession. The fundamental justifica-
tion for the existence of a business firm is to provide satisfaction
of human wants.[2] Our goal is to illuminate how the community

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pharmacist interprets and satisfies the human want of credit service. Consumer orientation requires the acceptance of the consumer as the focal point for all activity and recognition of the principle that, to grow and prosper, a business must offer what is desired by the individual it seeks to serve.[3] Even though the benefits may be far-reaching, most pharmacy sales are for immediate health care utilization--credit is a tool for short term usefulness. Not all community pharmacy owners agree!

Review of the Literature

In forming a proper perspective of the evolution of consumer credit, many sociological tomes trace severe treatment of debtors from the earliest recorded words. Early Roman law speaks of punishment of the "Tinebal Fooles," when a creditor might cut the body of a debtor in pieces to pass among his peers as a reminder of their duty.[4] Interest collection was not legalized in Europe until the 16th century. Prisoners in debtors jail, unless able to discharge their obligation were deprived of Christian burial.[5] Imprisonment for debt in England was abolished during the reigh of Queen Victoria in the last century.[6] Dale William Doer, in a 1963 examination of credit practices of 40 pharmacies in Indiana, concluded his respondents whose annual sales included 10 percent receivables, would find their operations chaotic without some form of consumer credit.[7] The increase in quantity and dollar value of credit sales would indicate the increase in demand for credit purchases.[8]

Why in the past five years or so have so many federal, state, and local agencies--as well as private for-profit and nonprofit organizations--increased their efforts to educate consumers?[9] It continues to be found that a consumer with acquired knowledge to use his or her financial resources wisely becomes a loyal customer. The consumer movement of the 1960's resulted in many programs designed to bring more information to consumers. "Truth in lending," "truth in packaging," and "unit-pricing" legislation were all passed to allow consumers to exercise their "right to be informed."[10] These first results were found to be disappointing. When information was combined with consumer education in the 1970's, valuable resources were saved, and a high degree of satisfaction was secured. In a study conducted at Purdue University in 1969 more than 500 consumer education programs were identified, and many more have been organized since that time.[11]

Although the "credit card," whose most important function was to reduce customer wasting time and convenience, went long periods of time without fanfare since its inception in 1914. The appearance of "diners cards," a form of travel and expense credit cards, created the first stir in the plastic credit card world of 1950. With the emergence of Bank Americard, now Visa, in 1966, the Bank of America introduced franchising of plastic cards; this service was soon to be followed by an association of banks named Interbank Corporation, whose progeny was named Master Charge. From that moment on one fears to blink an eye without plastic card utilization increasing exponentially.

During the early literature search the author was deeply concerned
that, perhaps the consumer did not sufficiently view credit as a
necessary service attribute. To assuage this anxiety one need only to
consider the following: (1973) Thousands of banks are now affiliated
with one or the other of the two major national bank cards. More than
50 million of these cards are in the hands of American consumers
today. Nearly two million retail outlets and services - including
drug stores, hospitals, universities and medical and dental practices--
accept these cards. Americans are using the cards to buy billions
of dollars in goods and services each year.[12] (1974) Nevertheless,
if all its figures are correct, 60 million people have retail charge
facilities.[13] (1975) According to American Druggist surveys, the
number of drug stores honoring bank cards is growing. In 1968, 59%
of all drug stores accepted bank cards; in 1973, the figure was 63%;
in 1975, it has risen to 68%. Total retail sales of Master Charge
and Bank Americard have likewise grown, though much more dramatically:
from $6.1 billion in 1970 to $15.6 billion last year. What's more,
the rate of growth has been accelerating yearly. Average purchase was
over twenty dollars ($20).[14] (1976) According to the two companies'
most recent statistics, Visa had 62.4 million customers, a jump of
more than a third over the previous year. And Master Charge was
up over 20 percent, to 62.9 million customers. Citibank and other
banks mounting card campaigns are taking advantage of a 1976 Supreme
Court ruling allowing banks to issue both Visa and Master Charge.[15]
(1977) Since 1950, while the population has grown 44%, the total of

consumer installment debt has multiplied more than twelve times, to roughly $179 billion -- and that does not include home mortgage debt. If Americans ever start to pay off old debts faster than they take on new ones, unsold merchandise piles up at an alarming rate. That happened during the 1974-75 recession.[16] (1979) With two credit cards circulating for every man, woman and child resident in the United States, the total consumer debt as of the end of last December was about $2 trillion, of which $275 billion was owed on installment. Now all this is not necessarily bad. Indeed one could argue that credit is one of the humane uses of capitalism, allowing its recipient to defer payment instead of pleasure.[17]

Until 1960, there existed a paucity of published information about consumer credit in pharmacy journals. Marketers began to take heed during the 1970's, mainly because the authors of the day were commenting on consumer education and advocacy. President Ford's statement that consumer education is a fifth right of United States consumers is a valuable addendum to this group (the other four are the rights to safety, to be informed, to choose, and to be heard).[18] The span of commercial history from shortly before World War I, when the ubiquitous slotted metal card first appeared, is a relatively short period; further considering $275 billion in installment debt for the year 1978. Only three-fourths of the people in the United States use checking accounts--and this took 100 years. Nations Business points to the fact that 27 billion paper checks were written in 1978[19]--more paper for those concerned about a cashless society. Computer technology has surely reduced the "check float" (time between writing check and

account debiting) which will definitely add to the practicality of
short term "plastic credit." William Moroney, of the American Bankers
Association, points out that 25 percent of the American families are
using credit cards.[20]

That the literature suggests many pharmacy executives remain
rife with tensions concerning the offering of credit or too much credit,
or honoring some cards that have been held 90 percent by men in recent
times, may portend brighter circumstances for the card's future.
Pharmacists express an almost universal reluctance to honor credit
cards on small purchases. The woman shopper who expects to buy a
$1.15 bottle of shampoo with a credit card will often be refused
unless she adds several items to her purchase. A minimum purchase of
$2 or $5 for credit card sales is standard.[21]

The attitudes interpreted at pharmacy survey points may often
repudiate the findings of independents, and even chains, Nielsen/
Chain Store Age, 1977:[22] In contacting 1000 customers, it was revealed
that the average transaction per trip to the pharmacy was in the
$5-10 range (31 percent), and below $5 in (22). Example - 29 percent
of the customers now spend between $10-20 per trip, in comparison to
a 20 percent proportion in 1975. Eight percent spent more than $20
per trip two years ago--now, 14 percent make purchases of this
magnitude. Twenty-eight percent want to use a charge card.[23] Some
recent swings to bank card credit has been observed to link closely
with the spiraling prime interest rate. Retailers that hold heavy
consumer debt realize that the banks--not the chains--shoulder the

burden of bad debts losses on bank card sales. Some retailers gain small consolation by having access to commercial paper markets, where interest rates stand at about 1 percent below prime.[24] On the day-to-day application of financial existence, we all are subject to spontaneous whims and desires that have little to do with basic needs. The literature reflects that marketers are more aware of this, and as man is forced to chase his set standard of living to the limits of credit due to inflation, the marketplace is only holding its place in line.[24]

Is the individual pricing a new large "gas-guzzler" a more responsible shopper than one who tours a pharmacy gift boutique for a bottle of perfume during the lunch hour? The advertisements of the card companies persuade us that we are in some way culpable if we leave these impulsive wishes unsatisfied.[25]

Psychological, puritan maxims--do not buy unless you can afford to pay for it; stay out of debt-hold, like a vice, the American mind. General Mills, Inc. found that 60 percent of American families considered "not being in debt" an important personal value.[26] This thesis attempts to raise certain psychological, or attitudinal questions pertain to puritanical attitudes uniquely worded from the preceding literature; e.g. Question 3 - "reasonable charge"; question 5 - "desire to change, and fad"; question 9 - "a wide course"; question 11 - "sinful to encourage."

Methods and Problems

The respondents forming the survey population comprise two
distinct sub-groups; a determination was made to use every active
chain pharmacy member of the National Association of Chain Drug
Stores, 191, and the entire group of independent pharmacy owners in
the State of Rhode Island, 150. Because of the similarity in numbers,
it was not necessary to derive random tables. Accuracy of existing
chains and operating independent pharmacies was determined on
August 1, 1979. Three hundred forty-one questionnaires were mailed
on August 5, 1979.

Questionnaires returned number 58 chain responses representing
3455 individual units and a 30.37 percent response rate; and, 47
independent pharmacy responses representing 53 individual units and a
31.33 percent response rate. A criterion for group designation was
established before mailing--1 store up to, and including, 3 stores
would be designated"independent"; 4 stores, ad infinitum, would be
designated "chain." Returns of mail questionnaires on value of audit
committees by various population segments shows a population group of
chief executive officers mailed 1,732 questionnaires; 420 questionnaires
were returned to number a 24% response.[27] This author sought a 70
percent response because of interprofessional chauvinism. Eleven
respondents failed to register the number of stores on the first page
in the box provided; it is felt that the guarantee of anonymity might
have been in question, or a genuine race to include this work with a
myriad of other pressing duties--a situation well understood! Haste
might be explained in this case due to a shortage of personnel during

a vacation period. The results of the eleven questionnaires were
included with the other data and each counted as a single response.
It was determined that the data were complete, otherwise, and many
essay inclusions represented fine expository examples.

The questionnaire consisted of 32 questions requiring 31 interval
or ordinal data responses and one essay question. Essentially the
survey looks for independence by cross-tabulating facts with
attitudes between the "chains" and "independents." The Chi square,
non-parimetric, test provides an important and positive test of
dependence vs. independence for each group. The absence of any credit
program failed to invalidate the survey since it was felt that
attitudinal data were of sufficient impact to this research.

Limitations

Now having completed this first questionnaire and its research
data tabulation, much insight has been gained from obvious oversights
and respondents' criticisms. The first acknowledgment must be made for
what appears to be careless and episodic bias--not true! The
intention of several words in the questionnaire that seemed to color,
obscure, or show point of author's view was intended to liberate an
intense feeling (ego-involvement) for the question and bring forth
a response formulated from an early "work hard and pay cash" ethic,
rather than a deliberate answer showing business acumen. This device
allows the researcher to use a non-disguised questionnaire while
searching for sensitive answers. Sequence bias can also be a problem,

since the researcher cannot prevent the respondent from changing the answers after each question. Another area difficult to deal with concerns the respondents placing a question mark when the directions request a check mark for all statements agreed with. The researcher has probably erred, but how? Is the question not understood, or, incorrect in content, or, confusing because of ambiguity? If one apology is in order, it is offered to a few that interpreted the questions as lacking a pronounced degree of professionalism due to their predatory nature; and that some aspects of the profession are not equated in terms of dollars, nor can a money solution serve to reduce its complexities. No intention was meant to demean our profession. The author is comfortable with the duality of patient and consumer valence; none should have to search the profession's psyche for hidden paradoxes--from cradle to grave we are all patients and consumers.

In question number 14, it is asked, "For which of three categories, in accounts receivable as a percentage of yearly sales, do you strive?" Selection 1 states NONE: You would not be blamed for stopping there-- that is the best category to strive for. Lack of survey experience creates certain recurring questions for respondent's interpretation of the survey instrument. Did the respondent treat every questions as a credit question? The term "credit" is not included in every question and may possibly cloud interpretation.

One vagary, difficult to explain, is the reference to third party programs as a consumer credit receivable by several respondents; the

creditor retains the final choice as to whom he will extend credit, while private third parties mainly offer participation in the plan which offers review first and payment last. Virtually all public assistance agencies operate on a credit program providing very little satisfaction to its creditors.

FOOTNOTES

1. Paul N. Bloom and Mark J. Silva, "Consumer Education: Marketers take heed" Harvard Business Review (January-February, 1976):p. 32.

2. "Relationship of Consumer Characteristics to Community Pharmacy Preferences" (Ph.D. Dissertation, Academy of Pharmaceutical Sciences, San Francisco, California, 1971).

3. Ibid. p. 1.

4. "Consumer Credit Practices of Indiana Pharmacies" (Ph.D. dissertation, Purdue University, 1963).

5. Ibid. p. 1.

6. Ibid. p. 1.

7. Ibid. p. 1.

8. Ibid. p. 1.

9. Bloom and Silva "Consumer education":p. 40.

10. Ibid. p. 42.

11. Ibid. p. 149.

12. Caleb J. Penniman, "Cash in on Bank Charge Card Plants," American Druggist Merchandising, December, 1973, p. 29.

13. Arthur W. Weil, "Pick a Card?" Drug Topics, November, 1974, p. 13.

14. Peter Schwartz, "Credit Cards," American Druggist, April, 1975, p. 37.

15. Editorial: "Special Report: Bank Cards," Banking, April, 1976, p. 50.

16. Editorial: "Merchants of Debt," Time Magazine, February 28, 1977, p. 36-40.

17. Jack Richardson, "Life on the Card," Harper's, July, 1979, p. 21.

18. Bloom and Silva, "Consumer education": p. 40.

19. Editorial: "Credit Cards: Great Strides Yet to be Made," Nation's Business, June, 1978, p. 59.

20. Ibid. p. 60.

21. Weil, "Pick a Card," p. 14.

22. Editorial: "Consumer Profile," Chain Store Age--Drug Edition, September, 1977, pp. 48-52.

23. Ibid. p. 33.

24. Richardson, "Life on Card," p. 24.

25. Ibid. p. 25.

26. Editorial: "Merchants", p. 36.

27. R. F. Mantz and F. L. Neumann, "The Effective Corporate Audit Committee," Harvard Business Review, November-December, 1970, p. 58.

CHAPTER II

SURVEY RESULTS

Personal Shopping Need Credit

The frequencies shown in Tables I and II deductively point to a
pronounced personal need for consumer credit. Total 47 group represents
"independents" and total 58 group represents "chains" throughout
these results. Code 9 represents missing values. Absolute frequency
of "agreement" is 33 of 47, representing 70.3 percent of relative
frequency. Although nominal scale data, for purposes of measuring
central tendency, has little or no value--it is of significance to note
the negative skewness value which always places a greater value for
the median than for the mean. Further defined the medians (4.409 and
4.609) bring you to values half way between the values, 23.4 percent
relative frequency and 27.7 percent, and implies the percentile 25.55
is the middle value laying between code 4 and 5, and further
identifying two categories of "agreement" on the attitudinal scale.

TABLE I

PERSONAL SHOPPING NEED CREDIT – CHAIN

Category Label	Code	Absolute Freq.	Relative Freq. (Pct)	Adjusted Freq. (Pct)	Cum Freq. (Pct)
DA Very Much	1.	4	6.9	7.0	7.0
DA on Whole	2.	3	5.2	5.3	12.3
DA Little	3.	7	12.1	12.3	24.6
A Little	4.	12	20.7	21.1	45.6
A on Whole	5.	23	39.7	40.4	86.0
A Very Much	6.	8	13.8	14.0	100.0
	9.	1	1.7	Missing	100.0
	Total	58	100.0	100.0	

TABLE II

PERSONAL SHOPPING NEED CREDIT – INDEPENDENT

Category Label	Code	Absolute Freq.	Relative Freq. (Pct)	Adjusted Freq. (Pct)	Cum Freq. (Pct)
DA Very Much	1.	5	10.6	10.9	10.9
DA on Whole	2.	5	10.6	10.9	21.7
DA Little	3.	3	6.4	6.5	28.3
A Little	4.	11	23.4	23.9	52.2
A on Whole	5.	13	27.1	28.3	80.4
A Very Much	6.	9	19.1	19.6	100.0
	9.	1	2.1	Missing	100.0
	Total	47	100.0	100.0	

Mean	4.065
Std. Dev.	1.611
Median	4.409
Variance	2.596
Range	5.000

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Offering Credit is Essential in my Store

As in the previous variable on use of person credit, this question sustains the same basic level of agreement in absolute and percentage frequencies. Total disagreement amounts to 29.8 percent for "independents" and 17.2 percent for "chains"; not very substantial against 68.1 percent agreement for "independents" and 81 percent agreement for "chains" (representing adjusted frequencies).

Personal Credit Cross-Tabulated with Offering Credit

Chi-square helps us to decide if our variables are independent or related; but, not how strongly they may be related. Sample size and table size have a high degree of influence on chi-square. As a combined group of "independents" and "chains" is represents a lack of statistical independence and a relationship does exist here establishing a dependence with chi-square equal to 43.297--and a significance level equal to 0.0130 (well below accepted level 0.05)-- and accept the alternate hypothesis showing these two variables as having more than a chance dependence.

When the variables are separated and cross-tabulated separately with "chains" and "independents", they no longer sustain the necessary level of significance and revert to independent association for which we would accept the null hypothesis. This characteristic is due to smaller sample size within the cells and referred to earlier in this research example.

All variables were cross-tabulated with "personal need for credit" and data listed will reveal only statistically significant hypothesized and separated populations (chains and independents).

Personal Need for Credit Cross-Tabulated with Auto Credit Reasonable—Perfume Not

Frequencies here are not divided between the two groups concerning "reasonable" charge. Respondent clearly disagree (51 percent independent and 57 percent chains) and find a bottle of perfume to be a reasonable item for a credit role. The chi-square for the "chain" cross-tabulation was 44.12 with a significance level equal to 0.0105 and clearly demonstrates statistical dependence; the null hypothesis will be rejected here for the alternative hypothesis.

Personal Need for Credit Cross-Tabulated by Current Adaptations

Of the "independents" 95.7 percent disagree with the question variable; 98.2 of the "chains" disagreed. Variables statistically independent and null hypothesis may be accepted. One hundred respondents agree that pharmacies are not unique in operation and current adaptations are important.

Personal Need for Credit Cross-Tabulated with Desire to Change for Fads

The universe shows desire to change (87.4 percent jointly) for fads and perceived needs as shown by 90 separate respondents. Survey

results confirm a mode of 1.0 for "chains" and 2.0 for "independents." SPSS code 1 indicates a cumulative percent frequency of 63.2 and 71.7 respectively. No significant chi-square observations are available.

Personal Need for Credit Cross-Tabulated with Customer Knows Needs

Frequency tables for both groups signify mutual agreement for "needs" variables (58.7 percent for "independents" and 87.7 percent for "chains") and further indicating respondents needs are the same as consumers. Cross-tabulation is flat and therefore statistically independent; null hypothesis accepted.

Personal Need for Credit Cross-Tabulated with Promotions Where Credit Offered

Eighty-nine respondents disagreed that sales promotions lose importance in presence of consumer credit, and dispels any variation in the interpretation that credit may be viewed as a cure-all. Sales promotion remains extremely important. Mode for variables is 1.0 and represents a level of disagreement equal to 83 percent. No statistical dependence is derived and HO is accepted.

Personal Need for Credit Cross-Tabulated with Cost Benefit of Credit vs. Checks

Survey results here represent data in a range of spread. Adjusted frequency (adjusted for missing values) as a percentage for "independents" show 73.9 percent disagree and 26.1 percent agree.

Frequency tables for the same variable in "chains" shows 44.7 disagree and 55.3 percent agree. These factors are significant from the cross-over observations concerning facts and attitudes. Again, the cross-tabulation showed statistical independence.

Personal Need for Credit Cross-Tabulated with Credit Adds to Inflation

Respondents who chose to disagree that consumer credit adds to inflation (38 in all) also provided 8 disagree responses for personal need for credit; conversely 63 responded agreement in consumer credit adding to inflation. 54.5 percent of the "independents" agree to limited use, while the "chains" agree 68.4 percent to limited use. It is interesting and odd that 44 respondents agreed to necessity of credit for personal use and 38 of that number failed to agree on the inflationary aspect of unlimited credit use; this demonstrates the hedonistic low threshold for pain, and the necessity to never defer pleasure. This aspect was observed from a combined cross-tabulation and should not obscure the separated data being observed.

Personal Need for Credit Cross-Tabulated with Bank Charges Fair

Frequency percentages demonstrate a positive trend of agreement for charges that banks make and the recognition of the tasks they must perform for that discount. "Independents" percent of agreement reached 68.9; while "chains" recorded 86 percent agreement. Here, again, frequency tables are more significant than chi-square and lack of statistical dependency is evident from an alpha level of 0.1014 when a significance level of 0.05 has been accepted.

Personal Need for Credit Cross-Tabulated with Sales Strictly Cash

Perceptions here are unquestionably in favor of disagreement to a strictly cash concept. It has been accepted, nearly universally, that a mobile society cannot function in a "cash only" situation. Cumulative frequency for this variable exceeds 56 percent for "independents" and over 85 percent for "chains." Cross-tabulation of these variables offered statistical independence. Null hypothesis was accepted.

Yearly Sales - Chain and Independent Pharmacy Populations

Tables III and IV are reproduced to offer observer a percentage rank-order of respondent's sales, not including store counts, as a demographic characteristic of the universe surveyed. Absolute frequency row indicates category of respondent/s store/s, not number of pharmacies.

Accounts Receivable as a Percentage of Sales

Of this "chain" group category labels of "none," "less than 3 percent," and "over 5 percent" are the most outstanding classification. Frequencies are 16, including 2 that offer no credit; 15 with less than 3 percent receivables, and 15 with receivables above 5 percent, inclusively. Accounts receivable, as an instrument of current assets is necessary in the formation of Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$. The Lilly Digest suggests a current ratio of 3.1 to 1. "Independent" pharmacies, in the category label, "none" show a frequency of 4 (the same amount of pharmacy operations that offer no credit); a frequency of 20 with less than 3 percent, and 12 with receivables over 5 percent.

TABLE III

YEARLY SALES - CHAIN

Category Label	Code	Absolute Freq.	Relative Freq. (Pct)	Adjusted Freq. (Pct)	Cum. Freq. (Pct)
Under 500	1.	6	10.3	10.5	10.5
To 750	2.	16	27.6	28.1	38.6
To 1000	3.	13	22.4	22.8	61.4
To 1500	4.	13	22.4	22.8	84.2
To 2000	5.	3	5.2	5.3	89.5
To 2500	6.	3	5.2	5.3	94.7
To 3000	7.	1	1.7	1.8	96.5
	99.	2	3.4	3.5	100.0
Other	9.	1	1.7	Missing	100.0
	Total	58	100.0	100.0	

TABLE IV

YEARLY SALES - INDEPENDENT

Category Label	Code	Absolute Freq.	Relative Freq. (Pct)	Adjusted Freq. (Pct)	Cum. Freq. (Pct)
Under 120	1.	3	6.4	6.7	6.7
To 140	2.	1	2.1	2.2	8.9
To 160	3.	2	4.3	4.4	13.3
To 180	4.	2	4.3	4.4	17.8
To 200	5.	2	4.3	4.4	22.2
To 225	6.	1	2.1	2.2	24.4
To 250	7.	6	12.8	13.3	37.8
To 300	8.	9	19.1	20.0	57.8
To 400	10.	1	2.1	2.2	60.0
To 500	11.	5	10.6	11.1	71.7
To 600	12.	2	4.3	4.4	75.6
Gt 600	13.	9	19.1	20.0	95.6
	99.	2	4.3	4.4	100.0
To 350	9.	2	4.3	Missing	100.0
	Total	47	100.0	100.0	

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TABLE V

DAILY PRESCRIPTION VOLUMES - CHAIN

Category Label	Code	Absolute Freq.	Relative Freq. (Pct)	Adjusted Freq. (Pct)	Cum. Freq. (Pct)
Under 50	1.	1	1.7	1.8	1.8
To 75	2.	2	3.4	3.6	5.4
To 100	3.	18	31.0	32.1	37.5
To 150	4.	29	50.0	51.8	89.3
To 200	5.	3	5.2	5.4	94.6
To 250	6.	2	3.4	3.6	98.2
To 300	7.	1	1.7	1.8	100.0
	9.	2	3.4	Missing	100.0
	Total	58	100.0	100.0	

Frequencies, as shown in Tables V and VI, are offered for the two sub-populations apart from any test of significance so that their individual levels may be at hand when the groups are compared for positive and negative similarities in the conclusion. Prescription volume accounts for over 50 percent of many independent operators' sales volume and depict an operating statistic by itself.

TABLE VI

DAILY PRESCRIPTION VOLUMES - INDEPENDENT

Category Label	Code	Absolute Freq.	Relative Freq. (Pct)	Adjusted Freq. (Pct)	Cum. Freq. (Pct)
Under 50	1.	7	14.9	15.2	15.2
To 75	2.	14	29.8	30.4	45.7
To 100	3.	7	14.9	15.2	60.9
To 150	4.	5	10.6	10.9	71.7
To 200	5.	2	4.3	4.3	76.1
To 250	6.	5	10.6	10.9	87.0
To 300	7.	2	4.3	4.3	91.3
Over 325	8.	4	8.5	8.7	100.0
	9.	1	2.1	Missing	100.0
	Total	47	100.0	100.0	

The questionnaire looks for several demographic answers to create a greater dependence in the cross-tabulation used. The preferences that appear in the data are not impacted with the demographic data collected. Tables VII through XVI are samples of these data. Although their use in cross-tabulations do not offer significant statistical values for purposes of hypothesis testing, they serve as a reliable reservoir of raw data for those that depend upon the availability of comparison tables along with the discussion.

TABLE VII

DEGREES ATTAINED - CHAIN

Chain Pharmacies   N = 58   Missing Value = 1

2 years	1
4 years	43
Masters	7
Doctorate	2
Other	4 (Including 5 yr program)

TABLE VIII

DEGREES ATTAINED - INDEPENDENT

Independent Pharmacies   N = 47

None	1
4 years	31
Masters	1
Doctorate	2
Other	12 (Including 5 yr program)

TABLE IX

PROFESSIONAL TRAINING – CHAIN

Chain Pharmacies N = 58	
Pharmacy	38
Business	16
Other	3

TABLE X

PROFESSIONAL TRAINING – INDEPENDENT

Independent Pharmacies N = 47	
Pharmacy	43
Business	2
Other	2

TABLE XI

AGE – CHAIN

Chain Pharmacies N = 58 Missing Value = 1	
Less than 34	5
Less than 44	22
Less than 54	14
Less than 64	12
Over 65	4

27

TABLE XII

AGE - INDEPENDENT

Independent Pharmacies	N = 47	
Less than 34	9
Less than 44	13
Less than 54	19
Less than 64	6

TABLE XIII

YEARS SPENT IN PHARMACY DUTIES - CHAIN

Chain Pharmacies	N = 58	Missing Values = 2
None	4
Less than 4	3
Less than 9	6
Less than 14	5
Less than 19	14
Over 15	23
Less than 25	1

TABLE XIV

YEARS SPENT IN PHARMACY DUTIES - INDEPENDENT

Independent Pharmacies N = 47 Missing Values = 3

Less than 4	3
Less than 9	3
Less than 14	5
Less than 19	7
Over 25	26

Personal Credit Cross-Tabulated with Years in Pharmacy Duties

A systematic relationship exists here in the "chains" units; with a chi-square equal to 44.39, with a significance level equal to 0.0440--we can avoid the null hypothesis and accept the alternate hypothesis. Categories imparting heavily in this group include: "Agree on the whole" with "over 25 years service in pharmacy duties"-- and, "agree a little" on personal credit with "less than 19 years service in pharmacy duties."

TABLE XV

MARITAL STATUS - CHAIN

Chain Pharmacies N = 58 Missing Values = 1

Married Male	51
Single Male	3
Single Female	1
Other	2

TABLE XVI

MARITAL STATUS - INDEPENDENT

Independent Pharmacies	N = 47
Married Male	41
Single Male	5
Single Female	1

TABLE XVII

MEETING SHOPPING PUBLIC - CHAIN

Chain Pharmacies	N = 58
Weekly	34
Monthly	8
Quarterly	1
Not at all	15

TABLE XVIII

MEETING SHOPPING PUBLIC - INDEPENDENT

Independent Pharmacies	N = 47	Missing Values = 2
Weekly	45	Adjusted Frequency Percent 100

While 34 respondent executives meet the shopping public weekly,
15 pharmacy chain executives do not meet the shopping public; that this
situation is completely possible is, in itself, conjecturable. We are
all consumers and reflect what we hear, and see, at the marketplace.
See Tables XVII and XVIII.

Personal Need for Credit Cross-Tabulated with Use Two Credit Cards

Here it is asked--What they espouse as opposed to what they do?
Thirty-five "independents" use two or more cards (74.5 percent) while
12 do not (25.5 percent). Forty-seven "chain" respondents use two or
more credit cards (81 percent) and 11 do not (19 percent). Both
"chains" and "independents" cross-tabulation are statistically dependent,
and significant, at below alpha = 0.05 percent. Tables XIX and XX
follow.

TABLE XIX

CROSS-TABULATION: PERSONAL SHOPPING WITH USE TWO CREDIT CARDS –

CHAIN

Category Label	Code	Yes	No	Raw Total
DA Very Much	1.	1	3	4
		25.0	75.0	7.0
		2.2	27.3	
		1.8	5.3	
DA On Whole	2.	2	1	3
		66.7	33.3	5.3
		4.3	9.1	
		3.5	1.8	
DA Little	3.	5	2	7
		71.4	28.6	12.3
		10.9	18.2	
		8.8	3.5	
A Little	4.	10	2	12
		83.3	16.7	21.1
		21.7	18.2	
		17.5	3.5	
A On Whole	5.	20	3	23
		87.0	13.0	40.4
		43.5	27.3	
		35.1	5.3	
A Very Much	6.	8	0	8
		100.0	0.0	14.0
		17.4	0.0	
		14.0	0.0	
Column Total		46	11	57
		80.7	19.3	100.0

Chi Square = 11.27898 with 5 degrees of freedom Significance = 0.0461

TABLE XX

CROSS-TABULATION: PERSONAL SHOPPING WITH USE TWO CREDIT CARDS –

INDEPENDENT

Category Label	Code	Yes	No	Raw Total
DA Very Much	1.	3	2	5
		60.0	40.0	10.9
		8.8	16.7	
		6.5	4.3	
DA On Whole	2.	2	3	5
		40.0	60.0	10.9
		5.9	25.0	
		4.3	6.5	
DA Little	3.	0	3	3
		0.0	100.0	6.5
		0.0	25.0	
		0.0	6.5	
A Little	4.	8	3	11
		72.7	27.3	23.9
		23.5	25.0	
		17.4	6.5	
A On Whole	5.	12	1	13
		92.3	7.7	28.3
		35.3	8.3	
		26.1	2.2	
A Very Much	6.	9	0	9
		100.0	0.0	19.6
		26.5	0.0	
		19.6	0.0	
Column Total		34 73.9	12 26.1	46 100.0

Chi Square = 17.45009 with 5 degrees of freedom   Significance = 0.0037

Number of Missing Observations = 2

The preponderance of this survey activity allows the "chains" an additional method for advertising with the potential to recapture responses before expensive innovations are finalized.

TABLE XXI

USES ATTITUDINAL SURVEYS

"Independents"

N = 47

Yes – Infrequently	5	10.6 percent
Yes – Regularly	7	14.9 percent
No	35	74.5 percent
	47	100.0

"Chains"

Yes – Infrequently	33	56.9 percent
Yes – Regularly	12	20.7 percent
No	13	22.4 percent
	58	100.0

Settings and locations were not cogent issues in forming basis for identifying similarities and differences between the sub-populations. The null hypothesis was accepted here.

Cross-tabulations were statistically independent.

Setting of Pharmacy   N = 47 "Independents"

Rural	7	14.9 percent
Urban	25	53.2 percent
Combo	15	31.9 percent
	47	

                             N = 58 "Chains"

Rural	5	8.6 percent
Urban	25	43.1 percent
Combo	27	46.6 percent
Formula	1	1.7 percent

TABLE XXII

PERSON SHOPPING NEED CREDIT CROSS-TABULATED WITH TYPE OF

CONSUMER CREDIT OFFERED

Chi-square = 55.84   20 df Level of significance = 0.0000

A strong dependence exists here between the variables for
independent pharmacies. We can reject the null and accept the alternate
hypothesis.

          4 "independents" offer no consumer credit
          2 "chains"   offer no consumer credit
         43 "independents" some form of consumer credit
          8 "independents" - Bank Cards
         16 "independents" - In-House Accounts
          2 "independents" - Other Types
         17 "independents" - Combo

               "Chains"   N = 58

         27 Bank Cards   46.6 percent
          1 In-House   1.7 percent
         28 Combo   48.3 percent

TABLE XXIII

NUMBER OF CREDIT CARDS HONORED

"Chains"		N = 58
Missing Value = 1		
2.	38	66.7 percent
3.	17	29.3 percent
5.	1	1.7 percent
6.	1	1.7 percent

"Independents"		N = 47
Missing Value = 1		
0.	21	45.7 percent
1.	1	2.2 percent
2.	23	50.0 percent
6.	1	2.2 percent

Table XXIV displays a more positive amplitude in the chain population with no units reporting a zero value. Nearly half the "independents" for the Rhode Island population offer no credit card availability.

TABLE XXIV

IN FAVOR OF CASHLESS SALES VS. CREDIT OR COMPUTER DEBITS –

INDEPENDENTS

Frequency Table – "Independent"   n = 47 Missing Value = 2

Yes	23	51.1 percent
No	13	28.9 percent
No – Lacks Proof	1	2.1 percent
Undecided	8	17.8 percent

TABLE XXV

IN FAVOR OF CASHLESS SALES VS. CREDIT OR COMPUTER DEBITS –

CHAINS

Yes	29	50.0 percent
No	21	36.2 percent
No – Lacks Proof	1	1.7 percent
Undecided	7	12.1 percent
	58	100.0

Over 50 percent of the respondents in Table XXVI indicated a "yes" in both groups--a very significant attitude: Sell-get paid with instantaneous money. This is a statement of fact and not intended as a prejudgment.

TABLE XXVI

ADVERTISE CREDIT

Respondents classified 37 (35.9 percent) as non-advertisers and, 66 (64.1 percent) as advertisers of consumer credit.

"Chains" $\frac{7 \text{ Don't Use}}{12.1 \text{ percent}}$ $\frac{51 \text{ Use}}{87.9 \text{ percent}}$ N = 58

"Independents" $\frac{31 \text{ Don't Use}}{66.0 \text{ percent}}$ $\frac{16 \text{ Use}}{34.0 \text{ percent}}$

It must follow that "independents" show a lower order of frequency due to the fact that most of the advertising offers bank credit only—this form of consumer credit is not offered by 66 percent of this population.

TABLE XXVII

ADVERTISE WHERE?

"Chain"		N = 58
Windows	31	53.4 percent
Illuminated Sign	1	2.1 percent
Newspapers	32	55.2 percent
Flyers (Handbills)	14	24.1 percent
Radio (TV)	6	10.3 percent

TABLE XXVII (Continued)

"Independents"		N = 47
Windows	33	70.2 percent
Illuminated Signs	1	1.7 percent
Newspapers	3	6.4 percent
Flyers	1	2.1 percent

TABLE XXVIII

SALES ADVANTAGE WITH CONSUMER CREDIT

"Independents"		N = 48
Agree	33	70.2 percent
Disagree	14	29.8 percent
	47	100.0 adjusted Freq. percent

"Chains"		N = 58
Agree	50	86.2 percent
Disagree	8	13.8 percent
	58	100.0

The high level of agreement testifies to the recognition of importance of this concept where credit is offered. It is not meant to stand alone with disregard to other proven tenets that are more formally discussed in the conclusion.

Personal Shopping Need Credit Cross-Tabulated with Sales Advantage -

Credit

Chi-square statistical test is indicative of significant

dependency here = 16.309 5 d.f. Significance level = 0.0060

Rejected Ho and accept Ha   Accept Alpha = 0.0500

TABLE XXIX

CROSS-TABULATION: PERSONAL SHOPPING NEED CREDIT WITH SALES

ADVANTAGE WITH CONSUMER CREDIT - CHAIN

Category Label	Code	Agree	Disagree	Raw Total
DA Very Much	1.	1 25.0 2.0 1.8	3 75.0 37.5 5.3	4 7.0
DA On Whole	2.	2 66.7 4.1 3.5	1 33.3 12.5 1.8	3 5.3
DA Little	3.	7 100.0 14.3 12.3	0 0.0 0.0 0.0	7 12.3
A Little	4.	10 83.3 20.4 17.5	2 16.7 25.0 3.5	12 21.1
A On Whole	5.	21 91.3 42.9 36.8	2 8.7 25.0 3.5	23 40.4
A Very Much	6.	8 100.0 16.3 14.0	0 0.0 0.0 0.0	8 14.0
	Column Total	49 87.0	8 14.0	57 100.0

Chi-square = 16.30940 with 5 degrees of freedom Significance = 0.0060

TABLE XXX

PROTECTIVE LEGISLATION AGAINST FRAUDULENT CREDIT CARD USE

"Chains"		N = 58
Agree	35	60.3 percent
Disagree	23	39.7 percent
	58	100.0

"Independents"		N = 47
Agree	22	46.8 percent
Disagree	25	53.2 percent
	47	100.0

Dissemination of credit statutes and credit practice protection seems to be at a low level of understanding, if the above data are indicative of today's comprehension. 1968 Consumer Credit Protection Act (Truth-In Lending Bill) alone comprises four sections of substantive law.

"Credit Card Crime Act," State of Rhode Island, represents an excellent statute for protection of all marketers.

TABLE XXXI

MY VIEWS SIMILAR TO NATION'S PHARMACISTS

"Chains"		N = 58	
Agree	15	25.9 percent	
Disagree	43	74.1 percent	
	58	100.0	

"Independents"		N = 47	
Agree	15	31.9 percent	
Disagree	32	68.1 percent	

When 75 respondents disagree to this attitudinal inquiry, it suggests to the author the importance of "doing my own thing," even if it adds to the denigration of future prospects.

TABLE XXXII

STORE PERSONNEL BETTER THAN INDUSTRY'S SALES TECHNIQUES

"Chains"		N = 58	
Agree	7	12.1 percent	
Disagree	51	87.9 percent	
	58	100.0	

"Independents"		N = 47	
Agree	11	23.4 percent	
Disagree	36	76.6 percent	
	47	100.0	

The chain of reasoning here remains unbroken and industry's best guess is not to cloak itself with yesterday's modus operandi for a new day in the marketplace.

A definite association is seen when type of store is cross-tabulated with desire to change for fads.

Chi-square 13.291   5 degrees of freedom

With critical alpha = 0.05 and a significant = 0.0208

Decision to reject Ho and accept Ha. Some attitude exists as in previous exposure—high in disagreement; replication involving type of store possibly added sufficient cell frequencies to lower significance level.

"Chains" and "independents" have positive agreement when type of store is cross-tabulated with customer knows needs. Here again Ha recognizes differences among populations and statistical dependence is proved by decision rule: x^2 calculated (13.65398 with 5 degrees of freedom) is greater than x^2 critical (7.145 - from table) at alpha = 0.05—we again reject Ho. "Chains" here show tendency to dominate positive aspects of "customer knows needs" variable, e.g., "agree" 53.8 percent, 60.0 percent, and 73.5 percent—as opposed to "independents" 46.2 percent, 40.0 percent, and 26.5 percent.

Respondents whose data indicate a definite dependence between these variables, type of store cross-tabulated with cost of credit vs. checks, also point out fundamental differences in attitudes and makeups. Independent pharmacy operators show pronounced disagreement to credit benefit above check benefit in comparison to chain pharmacy

operators. Will accept alternate hypothesis (Ha) and reject null
hypothesis (Ho). Significance = 0.0162.

Both sub-populations are consociated in their views of type of
store cross-tabulated with credit adds to inflation. Variables show
statistical dependence. Accept Ha with significance level = 0.04.
63 agree to added inflation by credit increases (39 "chain = 24
"independent").

In spite of the low response for "chains" when type of store is
cross-tabulated with meet shopping public, a binding association
exists in the population. Classification of variables prove
"independents" to meet shopping public weekly, if not daily, and 15
"chains" not meeting public at all. Dependence well pronounced; will
accept Ha with significance level = 0.000 and Chi-square = 24.278.

When type of store is cross-tabulated with use of attitudinal
surveys, "independents" high on "no" scale; always visible in pharmacy
and conduct numerous spot surveys. "Chains" have better score in this
respect (33 against 5). Variables show dependence; will accept
alternate hypothesis. Chi-square 31.22, level of significance = 0.0000.

The variables, type of store cross-tabulated with type of credit
offered, impact on study and offer marked dependence. Chi-square =
28.06, significance level = 0.0000. Chain operations are more bank
credit oriented than "independents" showing 16 in-house accounts
opposed by 1 similar account by "chain." 55 "chains" offer 2-3 bank
cards; 21 "independents" offer no bank credits.

Higher chronological age as observed in years in pharmacy
cross-tabulated with credit essential in my store, has not detracted
from liberality where credit is offered.

Chi-square 49.474 - 30 degrees of freedom.

Significance = 0.0141.

Variable show dependence statistically. Number of years spent in
pharmacy duties impacts if you offer credit. 21 of 99 disagree that
offering credit is essential in my store.

Fifty-five of 96 disagree to reasonable aspects of years in
pharmacy duties cross-tabulated with auto reasonable--perfume not.
Twenty-four of 25 respondents that agree have over 25 years in pharmacy
service. Chi-square - 48.25 - Significance - 0.0187. Will accept
Ha hypothesis for dependent variables, and reject Ho hypothesis.

TABLE XXXIII

ESSAY QUESTION - SUPPORT OR REJECT

For the essay question to support or reject a proposal for
increased credit--it tabulated in this order:

"Independents"			"Chains"		
Reject	25	53 percent	Reject	27	47 percent
Accept	13	28 percent	Accept	20	34 percent
No Response	9	19 percent	No Response	11	19 percent
	N = 47	100.0 percent		N = 58	100.0 percent

CHAPTER III

CONCLUSIONS

By attempting to polish and refine a few tentative hypotheses,
offered in the beginning, we can strike a moderate position by examining
some of the stronger arguments in the extensive arena of consumer
credit. No part of the conclusion has room for after-thoughts; the
data reviewed, with all its implications, represents more clarity
and insight into the techniques derived by these two groups representing
community pharmacy, than has ever been examined before.

Until now, to be sure, practice has not made perfect--someone
still has to pay for consumer credit; the consumer seems to pay for
least of all. When the consumer realizes the condition of cash short
fall, he can immediately tune to his credit wave-length and, thereby,
eliminate the pressure of the moment. Nothing is devious or concealed,
and no appreciable anguish has been sustained. An early tentative
hypothesis was the conviction that consumer education has continued
to spread; as the authors, Bloom and Silver put it, this consumer
education movement should present the marketer with more opportunities
than problems. None of us can afford to ignore the progress of the
movement.

Another hypothesis advanced the attitude that plastic bank cards,
along with several forms of open-end consumer credit, have emerged

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on the scene in such exponential numbers, they seem to recreate a
thunderous avalanche of instant accessibility to all things--big and
small, as it were! It has been previously stated that paper checks have
been 100 years in coming; and perhaps, only 35% of our American families
have bank accounts. Are we tangential to the commercial event of the
day? Can we anticipate, monitor, and take a hand in the consumer
education that is all around us?

Careful scrutiny was applied to your data as they appeared in an
18 inch stack of computer "ribbon candy," and contrary to the belief
of many, we fail to identify the schism that supposedly exists between
the operations of chains and independents. Questions were designed for
you to report your personal attitudes as a consumer, as opposed to your
thoughts as a business person. Cross-tabulations of your attitudes
indicated that except for 4 independents and 2 chains, both groups have
a definite need for personal use of credit and a need to offer it.

Here, offered, are several aspects of pharmacy operation, interpreted
to show some areas of similar business expression, and some difference.
Samuel Butler remarked that a hen is an egg's way of producing another
egg.

Way in Which Both Groups Differ

Credit sales are less expensive in comparison to paper checks.
"Independents" do not agree!

As a percentage "chains" have a higher number of business leaders
as administrative heads. "Independents" have a higher percentage of

pharmacists. Fifteen "chain" executives never meet the shopping public.
No "independents" fit in this category. "Chains" conduct three times
the amount of attitudinal surveys as "independents." "Chains" accept
more types of bank credit cards than "independents." Twenty-one
"independents" accept no bank credit cards; however, "independents" have
more in-house accounts than "chains." Three times as many "chains"
advertise credit as "independents." "Independents" do not advertise
credit on radio or TV. "Chains" are more aware of legislation protecting
marketers from consumer credit fraud. "Independents" conduct fewer
attitudinal surveys. These are to be interpreted as survey results
only, not general, nor are they from any source other than the
questionnaire.

Ways in Which Both Groups Are the Same

Operations depend upon current business adaptations. Groups have
desire to change for consumer perceived needs. Agree that customers
best understand what needs they want satisfied. A mutual feeling among
the groups recognizes the necessity for sales promotion although credit
is offered. Any run-away credit system would add to the inflationary
spiral. Bank discount rates are fair for credit services performed.
Mutually agree on impracticality of all sales requiring cash. Credit
awareness is more pronounced as prescriptions increase in volume.
Personal demographics are not a significant issue for either group.
Aspects of operation are not significantly different due to age, sex,
education, etc. For "chains" respondents with less than 19 years of
service to pharmacy, and respondents with over 25 years of related duties

offered 67.3 percent of the consumer credit for the group as a whole. "Independents" in the same categories (years in pharmacy duties cross-tabulated with offering credit is essential) and the same longevity (LT 19 years - MT 25 years) offered 75 percent of the consumer credit for their group as a whole. On the variable concerning accord or lack of accord with other pharmacy leaders in the United States, both groups felt their views to be different than other leaders in the land. Both agreed that industry endorsed sales techniques would generate greater profitability than store personnel left to their own devices.

Question 32 asked if you could support a proposal for increased consumer credit, at this time, to accelerate sales? Your questionnaires provided these data: 19 percent of each population contributed a non-response; the reject response averages to 50 percent, and average approval amounts to 31 percent. The non-responses might have added an interesting and obeyable dimension in view of the average approved percentage.

What can be advanced to offer a proper balance between the creditors' labors and the consumers' desires? It could almost suffice to ask the creditor to improve his thoughts and nothing else. The survey informs us that a significant interest and a hearty application to consumer credit is well underway. The replications we have observed show our ever-increasing positive awareness to our patients and customers. The common frustration today is that one finds it difficult to speak of any consumer activity without using a sentence containing

the words—Act, reporting, equal, fair, truth, etc.; it's more interesting
to observe the erudite consumer in the marketplace.

Authors have demonstrated the averages in pharmacy purchases,
and these have continued to represent incremental adjustments at the
pharmacy counters. Many successful pharmacy credit card operations
have minimum charge amounts—$5.00 or more, and make a deliberate effort
to suggest additional items to raise this minimum. Check with bank,
of course, to avoid contractual embarassment. Each understands best
the day-to-day characteristics of his operating unit/s and the current
ratio for that operation.

Check with your best professional every 2 years to measure your
consumer credit operation. Review your bankers current adaptations,
and his competition—the pharmacy wholesaler. True! Many wholesalers
are time-sharing their computers and taking on retailers' credit
programs. Charges are in the vicinity of 2-3% of credit sales. Unless
you are making money from late charges in an in-house account; have a
source of free or inexpensive help; can meet your current obligations;
can afford to purchase inventory easily—look to drop an in-house
account, or save it for the disadvantaged individual that is strapped
to pay for a prescription.

One more word! Without trying to immerse this work in commentary,
you can hardly afford to leave without a few last succinct observations.
In an interview with the American Banking Journal, July, 1979, D. W. Hock,
President of Visa, observed the man on the street, the government and
taxes. He spoke of the man on the street as being prudent, solvent,
and dependable—the most dependable part of the economy. "Each

individual is a far better judge of his needs, desires, and financial affairs than many give him credit for." He speculates the government should set an example if the consumer is to stay out of debt. If savings is to be encouraged, then we should have tax laws that favor savings. Interest paid on debt is deductible and interest paid on savings is taxed. "How can that encourage thrift?" He observes the consumer is cajoled to buy now in debt and pay later with inflated dollars.

The middle ground we sought as a conclusion has room to accommodate a consumer credit arrangement for nearly all community pharmacies; preferably one from a card-issuing agency that screens, bills, collects, and absorbs the bad debt losses. If tomorrow's pharmacists continue to follow the "service concept" sought after by most informed consumers, the efforts now underway toward that goal will help identify the pharmacist as the most valuable health educator of all.

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APPENDIX A

URI University of Rhode Island, Kingston, R. I. 02881
College of Pharmacy
Department of Pharmacy Administration (401) 792-2735

August 6, 1979

Dear Colleague:

Several aspects of consumer credit practices in community pharmacies are subjects of a study we are undertaking currently.

Your cooperation, by completing and returning the enclosed questionnaire would be greatly appreciated.

The data and responses will be treated in confidence and all reports will reflect only aggregate information.

We would be happy to provide you a copy of the results if you so desire.

Thank you.

Sincerely,   Sincerely,

Norman A. Campbell, J.D., Ph.D.   Harold S. Abbott, B.S., R.Ph.
Professor and Chairman   Graduate Student

LSP

Enclosure

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University of Rhode Island

Current Trends in Pharmacy Credit Operations

Chain Pharmacy Survey

Corporate Name--

Number of Units

Instructions

The following is a survey of your views
that would be of value to this study. There
are no right or wrong responses; so be frank.

Specialized instructions will precede each
part.

Please understand that no response will be
reported in any individual manner.

Numbers on the extreme right are for key-
punch purposes only: disregard them,
entirely!

Thank you very much in advance for taking
the time to help us with this very im-
portant matter!

RUSH

Please mark your responses by circling your choice in the right columns, using this following code:

1 = Disagree VERY MUCH
2 = Disagree on the WHOLE
3 = Disagree a LITTLE
4 = Agree a LITTLE
5 = Agree on the WHOLE
6 = Agree VERY MUCH

Item Number	Statement	Disagree VERY MUCH	Disagree on the WHOLE	Disagree a LITTLE	Agree a LITTLE	Agree on the WHOLE	Agree VERY MUCH	
1.	For my personal shopping convenience, I need credit.	1	2	3	4	5	6	5
2.	Offering consumer credit is essential in my stores.	1	2	3	4	5	6	6
3.	An automobile is a reasonable credit charge, but a bottle of perfume is not.	1	2	3	4	5	6	7
4.	Pharmacies are unique and do not need to depend on current business adaptations.	1	2	3	4	5	6	8
5.	I have little desire to change my operations theories to suit consumer "fads," or perceived needs.	1	2	3	4	5	6	9
6.	The customer knows what is necessary for him, and I should satisfy those needs	1	2	3	4	5	6	10
7.	Sales promotions are less important when consumer credit is offered.	1	2	3	4	5	6	11
8.	The expense of credit sales is justified when compared to the loss-potential incurred with paper checks.	1	2	3	4	5	6	12
9.	Extensive use of consumer credit adds to the inflationary spiral; a wiser course would limit its' daily use.	1	2	3	4	5	6	13
10.	The charges made by banks for service to your pharmacies in plastic card credit programs are fair; they retain the tasks of credit-screening, billing and collecting from the consumer.	1	2	3	4	5	6	14
11.	Pharmacy retail sales were to be concluded with cash; it is sinful to encourage mass credit sales, bankers factoring receivables, and marketers selling receivables at discount.	1	2	3	4	5	6	15

Please select <u>ONE</u> and place the
number in the <u>BOX</u> to the right.

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12. In which of the following categories, in $ amounts of yearly sales volume, do the greatest number of your pharmacies fit?

1	Sales under	$ 500,000
2	To	750,000
3	To	1,000,000
4	To	1,500,000
5	To	2,000,000
6	To	2,500,000
7	To	3,000,000
8	To	3,500,000
9	Other	Please specify _____

16

13. In which of the following Categories, in daily prescription volume, do the greatest number of your pharmacies fit?

1	Under	50
2	To	75
3	To	100
4	To	150
5	To	200
6	To	250
7	To	300
8	Above	325

17

14. For which of these categories, in accounts receivable as a percentage of yearly sales, do you strive?

Receivables Example: $ Receivables   (20,000) = 5%
$ Sales   (400,000)

1	None
2	Less than 3%
3	Less than 3.5%
4	Less than 4%
5	Less than 4.5%
6	Less than 4.9%
7	Above 5%

18

Please select <u>ONE</u> and place the
number in the <u>BOX</u> to the right.

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15. My professional training is mainly:

1. Pharmacy
2. Business
3. Other (Please specify_____

19

16. Degree/s Attained:

1. None
2. 2 year
3. Four year
4. Masters
5. Doctorate
6. Other (Please specify_____

20

17. Please indicate your age category.

1. Less than 21
2. Less than 25
3. Less than 34
4. Less than 44
5. Less than 54
6. Less than 64
7. Over 65

21

18. Years spent in pharmacy related duties:

1. None
2. Less than 4 years
3. Less than 9 years
4. Less than 14 years
5. Less than 19 years
6. More than 25 years

22

19. Present marital status:

1. Married Male
2. Married Female
3. Single Male
4. Single Female
5. Other (Please specify_____

23

Please select <u>ONE</u> and place the
number in the <u>BOX</u> to the right.

20. In your present job how often do you meet the
shopping public?

    1 Weekly
    2 Monthly
    3 Quarterly
    4 Not at all

       24

21. Do you, personally, use 2 or more credit cards
for miscellaneous expenses?

    1. Yes
    2. No

       25

22. In your organization does management solicit
attitudinal surveys from the shopping public?

    1 YES - Infrequently
    2 YES - Regularly
    3 NO

       26

23. Are your pharmacies in a rural or urban setting,
or both?

    1. Rural
    2. Urban
    3. Combination of above
    4. Use a formula for selection

       27

24. What type of consumer credit does your organization
offer? Please circle all that apply.

    1. None
    2. Bank credit card
    3. In-house account
    4. Budget account
    5. Installment account
    6. Other (Specify)_____

       28

25. Number of Credit Cards honored.

       29

26. Would you prefer "cashless" sales over credit sales if you could
directly debit a customer's account from a computer terminal in
your pharmacy, or by any other form of In-house electronic funds
transfer equipment?

    1. YES
    2. NO
    3. NO! Lacks professionalism
    .4. Undecided

       30

27. Where do you advertise credit?

    1. Do Not
    2. Window
    3. Illuminated Sign
    4. Newspaper
    5. Flyers (Hand Bills)
    6. Radio (TV)

       31

PLEASE CHECK ALL THAT YOU AGREE WITH!

28._____ A pharmacy offering consumer credit operates at a   32
greater sales advantage.

29._____ My home state currently offers legislation protecting
consumers and merchants from fraudulent credit card use.   33

30._____ My views concerning pharmacy operation, overall,
are shared by most Pharmacy administrators in the   34
United States.

31._____ Left to their own devices, my store personnel will
stimulate greater profitability for the future than
the periodic implementation of industry endorsed   35
sales techniques.

32. All things considered - can you, at this time, support or reject a proposal for increased consumer credit as a catalyst for accelerated sales in your pharmacies?

PLEASE ENTER STATEMENT BELOW

Thank you again for having completed this survey for us!   36

Over, PLEASE

University of Rhode Island

Current Trends in Pharmacy Credit Operations

<u>Pharmacy Survey</u>

Pharmacy Name--

Number of Units

Instructions

The following is a survey of your views
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6. The customer knows what is necessary for him, and I should satisfy those needs   1 2 3 4 5 6   10

7. Sales promotions are less important when consumer credit is offered.   1 2 3 4 5 6   11

8. The expense of credit sales is justified when compared to the loss-potential incurred with paper checks.   1 2 3 4 5 6   12

9. Extensive use of consumer credit adds to the inflationary spiral; a wiser course would limit its' daily use.   1 2 3 4 5 6   13

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11. Pharmacy retail sales were to be concluded with cash; it is sinful to encourage mass credit sales, bankers factoring receivables, and marketers selling receivables at discount.   1 2 3 4 5 6   15

Please select ONE and place the
number in the BOX to the right.

12. In which of the following categories, in $ amounts of yearly sales
volume, does (do) your pharmacy(ies) fit?

1	Sales under	$120,000
2	To	140,000
3	To	160,000
4	To	180,000
5	To	200,000
6	To	225,000
7	To	250,000
8	To	300,000
9	To	350,000
10	To	400,000
11	To	500,000
12	To	600,000
13	More than $600,000	

16

13. In which of the following Categories, in daily prescription volume,
does (do) your pharmacy(ies) fit?

1	Under	50
2	To	75
3	To	100
4	To	150
5	To	200
6	To	250
7	To	300
8	Above	325

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14. For which of these categories, in accounts receivable as a percentage
of yearly sales, do you strive?

Receivables Example: $ Receivables   (20,000)

                                                    5%

                       $ Sales   (400,000)

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1	None
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shopping public?

    1 Weekly
    2 Monthly
    3 Quarterly   □ 24
    4 Not at all

21. Do you, personally, use 2 or more credit cards
for miscellaneous expenses?

    1. Yes
    2. No   □ 25

22. In your organization does management solicit
attitudinal surveys from the shopping public?

    1 YES - Infrequently
    2 YES - Regularly   □
    3 NO·   26

23. Is (are) your pharmacy(ies) in a rural or urban
setting, or both?

    1. Rural
    2. Urban   □
    3. Combination of above   27
    4. Use a formula for selection

24. What type of consumer credit does your organization
offer? Please circle all that apply.

    1. None
    2. Bank credit card
    3. In-house account   □
    4. Budget account   28
    5. Installment account
    6. Other (Specify)_____

25. Number of Credit Cards honored.   □· 29

26. Would you prefer "cashless" sales over credit sales if you could
directly debit a customer's account from a computer terminal in
your pharmacy, or by any other form of In-house electronic funds
transfer equipment?

    1. YES
    2. NO   □ 30
    3. NO! Lacks professionalism
    4. Undecided

27. Where do you advertise credit?

    1. Do Not
    2. Window
    3. Illuminated Sign   □ 31
    4. Newspaper
    5. Flyers (Hand Bills)
    6. Radio (TV)

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