

GAZDASÁG & TÁRSADALOM

Journal of Economy & Society

A TARTALOMBÓL::

Jančíková, Eva – Pásztorová, Janka
New trends of business funding in the EU

Papp-Váry, Árpád – Szabó-Kákonyi, Anett
Are there no new ad techniques under the sun?

Juhász Lajos
A logisztikai egységköltés-számítás modellezése

Ratting Anita
Fizetésképtelenség-előrejelzési megközelítések

Juhász Zita
A magyar nyugdíjrendszer kapcsolódása
az EU nyugdíjharmonizációs elemeihez

Nedelka Erzsébet
Válságkezelés IMF nélkül
– struktúraváltozások, válságok és gazdasági növekedés Malajziában

2015/3

Gazdaság & Társadalom

Journal of Economy & Society

Főszerkesztő / Editor: Prof. Dr. Székely Csaba DSc

Főszerkesztő helyettes / Deputy Editor: Prof. Dr. Kulcsár László CSc

Szerkesztőbizottság / Associate Editors:

Dr. Székely Csaba DSc • Dr. Fábián Attila PhD • Dr. Joób Márk PhD • Dr. Kulcsár László Csc •
Dr. Juhász Zita PhD • Dr. Obádovics Csilla PhD • Törőné dr. Dunai Anna PhD

Tördelő-szerkesztő / Technical Editor: Takács Eszter

Nemzetközi tanácsadó testület / International Advisory Board:

Prof. David L. Brown PhD (Cornell University, USA) • Dr. Csaba László DSc (Közép Európai Egyetem, Budapest) • Dr. Rechnitzer János DSc (Széchenyi István Egyetem, Győr) • Dr. Nigel Swain PhD (School of History, University of Liverpool, UK) • Dr. Caleb Southworth PhD (Department of Sociology University of Oregon, USA) • Dr. Szirmai Viktória DSc (MTA Társadalomtudományi Kutatóközpont, Budapest) • Dr. Irena Zavrl, Ph.D (FH Burgenland, University of Applied Sciences)

Közlésre szánt kéziratok / Manuscripts:

Kéziratokat kizárólag e-mailen fogadunk, nem őrzünk meg, s nem küldünk vissza!

A kéziratok formai és szerkezeti követelményeit illetően lásd a folyóirat hátsó belső borítóját. / We accept APA style only.

A kéziratokat és a közléssel kapcsolatos kérdéseket a következő e-mail címre várjuk: / Send manuscripts and letters by e-mail only to: zjuhasz@ktk.nyme.hu

A közlésre elfogadott kéziratok összes szerzői és egyéb joga a kiadóra száll. / Acceptance of material for publication presumes transfer of all copyrights to the Publisher.

A kéziratokat két független anonim bíráló értékeli. / Articles are refereed by anonym reviewers before publication.

Az ismertetésre szánt könyveket az alábbi címre várjuk / Send books for review to:

Dr. Juhász Zita PhD

Nyugat-magyarországi Egyetem Közgazdaságtudományi Kar

Sopron Erzsébet u. 9.

9400 Hungary

Web oldal / Web page: <http://gt.nyme.hu>

Előfizetés:

Intézményeknek: 2800 Ft/év

Egyéni előfizetés: 1700 Ft/év

Példányonkénti ár: 700 Ft/dupla szám: 1400 Ft.

ISSN 0865 7823

Copyright © 2015 Nyugat-magyarországi Egyetem Kiadó

Gazdaság & Társadalom

7. ÉVFOLYAM

2015.

3. SZÁM

TARTALOM

TANULMÁNYOK/STUDIES	3
New trends of business funding in the EU <i>Jančíková, Eva – Pásztorová, Janka</i>	5
Are there no new ad techniques under the sun? How the methods presented to us today as 'new discoveries' appeared in Hungarian advertising literature a century ago <i>Papp-Váry, Árpád – Szabó-Kákonyi, Anett</i>	19
A logisztikai egységköltség-számítás modellezése <i>Juhász Lajos</i>	38
Fizetésképtelenség-előrejelzési megközelítések <i>Rattig Anita</i>	53
A magyar nyugdíjrendszer kapcsolódása az EU nyugdíjharmonizációs elemeihez <i>Juhász Zita</i>	74
Válságkezelés IMF nélkül – struktúraváltozások, válságok és gazdasági növekedés Malajziában <i>Nedelka Erzsébet</i>	94
KÖNYVISMERTETÉS/ BOOK REVIEW	113
Területi egyenlőtlenség és társadalmi jól-lét <i>Kulcsár László</i>	115
ABSTRACTS IN ENGLISH	119

Are there no new ad techniques under the sun? How the methods presented to us today as 'new discoveries' appeared in Hungarian advertising literature a century ago

Papp-Váry, Árpád³ – Szabó-Kákonyi, Anett⁴

ABSTRACT: It is a frequently held notion that advertising appeared in Hungary (and the whole of East-Central Europe) and began to develop rapidly only during the 1990's, after the fall of Communism. Indeed, today's advertising professionals will throw around sonorous terms such as 'brand', 'word of mouth', 'integrated marketing communications', 'USP', 'CSR', 'astroturfing', 'AIDA', 'collective advertising', and so on, with a casual ease that would have been unimaginable 25 years ago. Moreover, some of those terms are used in their original English form, showing, as it were, that they have been adopted straight from 'the West', and that the concepts they refer to are so fresh that no Hungarian equivalents have been created yet.

But have Hungarian advertising experts really adopted these concepts from abroad? Should we be convinced by the opinions voiced by journalists (and sometimes even by 'professionals') who say that any advertising worth speaking of has only been introduced in Hungary in the past 20 or 30 years?

As we will see, the answer is a clear 'no'. Hungarian advertising was well-established already by the 1910's and 1920's, and Hungarian advertising science was in the process of becoming firmly grounded too. Several works were published that laid the foundations of advertising – it is another matter that, sadly, these books have then been forgotten by many. Even more interestingly, the above-mentioned concepts already appeared in these works written almost a hundred years ago, even though they did not use today's professional terminology at the time.

Therefore the aim of this study has been to explore the beginnings of Hungarian advertising science and to show that today's marketing and advertising continue to use much of the knowledge recorded as early as in the 1910's and 1920's.

KEYWORDS: advertising, marketing, economic history, business history

JEL code: M31, M37, N70

³ Árpád PAPP-VÁRY Dean of the Tourism and Business Faculty at Metropolitan University of Applied Sciences, Budapest, Hungary, apappvary@metropolitan.hu

⁴ Anett SZABÓ-KÁKONYI Student of the Strategic Marketing postgraduate programme at Metropolitan University of Applied Sciences, Budapest.

Introduction

It is a frequently held notion that advertising really appeared in Hungary (and the whole of East-Central Europe) and began to develop rapidly only during the 1990's, after the fall of Communism. Indeed, today's advertising professionals will throw around sonorous terms such as 'brand', 'word of mouth', 'integrated marketing communications', 'USP', 'CSR', 'astro-turfing', 'AIDA', 'collective advertising', and so on, with a casual ease that would have been unimaginable 25 years ago. Moreover, some of those terms are used in their original English form, showing, as it were, that they have been adopted straight from 'the West', and that the concepts they refer to are so fresh for us that no Hungarian equivalents have been created yet.

But have we really adopted these concepts from abroad? Should we be convinced by the opinions voiced by journalists (and sometimes even by 'professionals') who say that any advertising worth speaking of has only been introduced in Hungary in the past 20 or 30 years?

As we will see, the answer is a clear 'no'. Hungarian advertising was well-established already by the 1910's and 1920's, and Hungarian advertising science was in the process of becoming firmly grounded too. Several works were published that laid the foundations of advertising – it is another matter that, sadly, these books have then been forgotten by many. Even more interestingly, the above-mentioned concepts already appeared in these works written almost a hundred years ago, even though they did not use today's professional terminology at the time.

Therefore the aim of this study has been to explore the beginnings of Hungarian advertising science and to show that today's marketing and advertising continue to use much of the knowledge recorded as early as in the 1910's and 1920's.

If we want to find the first Hungarian-language reference book on advertising, it is probably "A reklám" ("Advertising") by Gyula Csizik, published in 1917. The book itself states that no comprehensive book on the topic had been published in Hungarian, therefore Csizik's work is supposedly the first such reference book. During our research we found four rather comprehensive books or publications published by 1930. We read the original works and explored the contemporary tools and practice of advertising, the first recorded rules and patterns, that is, how advertising science was created step by step in the early 20th century based on past

experience. In this study we aim to describe this process, and analyse it in the light of modern advertising knowledge. As we will see, the foundations or even exact equivalents of today's terms can be noticed in these early writings.

The First Book on Advertising in Hungarian

If we are looking for the beginnings of Hungarian advertising science, that is, the era when relevant experiences were first recorded and published, we find studies from the early 20th century that discuss advertising with a focus on specific fields. Such works include "Fürdőügy és reklám" ("Baths and advertising") by Zsigmond Arányi, published in 1905, and "Az ügyvédi reklám" ("Advertising for lawyers") by Illés Polyák, published in 1911. However though, the first comprehensive Hungarian-language book on advertising, "A reklám" ("Advertising") by Gyula Csizik was only published in 1917 as a part of the series *Iparosok Olvasótára* ("Craftsmen's Library").

As Csizik explains in his book, the word *reklám* (advertising, in Hungarian) was not known fifty years before (that is, in 1867). Although the activity itself had always existed, it had not been considered a profession and no individual term had been used for it, either.

The author's motivation for writing the book was not only the lack of Hungarian-language scientific literature, but also contemporary economic phenomena. Commerce and industry had become intertwined by the beginning of the century, and competition was strengthening both in industry and crafts. Being an expert of the profession was not enough any more; manufacturers also had to excel at business and advertising if they wanted to create and maintain proper living conditions. In an economic sense, advertising had become power by the beginning of the century as manufacturers more adept at advertising than their competitors could reach a greater part of the public, also resulting in more prospects. In order to achieve this they could get practical information from the book, which also explained that smart advertising is a tool for positive influence, creating needs, and generating demands, saying" [...] if the supply is smart, the merchant can take smart steps to make people buy the things he wants to sell, instead of the things they originally wanted to buy". (Csizik, 1917, p. 6.)

Csízik's extremely long "definition" of the task and role of advertising has not become completely outdated yet: "Advertising, in its entirety, can be viewed as the act of advertising, the call up, the warning, the offer, self-praise, all of these together, and still, none of them really. [...] Advertising encompasses (and cannot be imagined without) drawing interest or attention; [...] Thus advertising is some kind of representation, but also a call for competition, and, besides all this [...] a general tool of representation and business competition for success and advantages [...]" Moreover, advertising is an essential and organic part of economy, also serving as a news service, providing assistance in several areas of life. (Csízik, 1917, p. 9.)

The booklet, almost fifty pages long, is not a comprehensive educational material on advertising. It only describes the major characteristics of advertising, but, at the same time, also provides systematically organized information for manufactures familiarizing with advertising and other readers. After providing a definition of advertising, the booklet compiles the tools, characteristics and phenomena of the era in an organized form.

The work also includes details that would also be listed in any modern textbook as the prerequisites of successful advertisements and expedient advertising activities. For example, it draws attention to the importance of selecting the right product name and packaging, and the advantages of legal protection. As it suggests, it is important that the name be easy to remember; it may also be funny, but should not be disliked by anyone. Registered names and trademarks are also some sort of advertising, facilitating the promotion and protection of the product. The packaging be attractive, characteristic and easy to notice. Regarding customer relationship management, the author points out that everything sent out to the customer community by the businessperson or manufacturer should represent that business in a proper way. Both its appearance and content must be adapted to the size and financial situation of the business as this representation also serves as an advertisement of that company. (Csízik, 1917)

Csízik also emphasizes the significance of word of mouth advertising, a popular issue nowadays, too: "people are more affected by spoken word, word of mouth, than anything else". (Csízik, 1917, p. 6.) Moreover, he provides advice to broaden the customer base and convince people living out of cities, but also highlights the importance of maintaining morals. He mentions the excesses of advertising that are harmful to the reputation of both the advertiser and advertising itself. In addition, he also discusses the lack

of sufficient legal control over advertising. In his opinion the fast-paced development of the advertising profession has generated the need for the creation and adoption of new legal provisions, regulations and laws regarding tools and methods, in order to prevent advertising from becoming socially unacceptable, thus serving the interests of the society. (Csízik, 1917)

The author of this early 20th century book thought that businesses can not exist on the long term without advertising. He also believed that the planning of advertising must not be carried out at random, but should be taken seriously, as various tools have various effect if applied in different fields. The basis of the advertising planning process, the determining element of its character should always be the expected effect as advertisements are worthless if they do not achieve the desired effect. Essential elements of great advertising include street posters, press work and business brochures, accompanied by minor advertising tools. (Csízik, 1917) According to this section of the book we could say that integrated marketing communications already existed 100 years ago – even if it was called something else as they knew the expression “reklám” (advertising), but did not use the term “marketing” yet.

Theory from Practice

The book “A reklám propaganda” (“Advertising Propaganda”) edited by Jenő Bányász was published in 1922. The work includes almost 80 studies by 60 authors – company owners and executive officers. Readers get a comprehensive view of the topic, and they are introduced to advertising tools, and the importance and negative points of advertising in relation to various areas of life. It lays more emphasis on the scientific character of advertising and the importance of professional advertising knowledge than Csízik’s book; at the same time it also notes that Hungarian advertising is still in its infancy. (Bittner, 1922)

From the beginning of the book, the authors emphasize that the first step of advertising activity is planning and the selection of appropriate tools. The book also provides guidance for this, but still recommends that advertisers ask for expert advice. This is understandable because the studies of the book give readers a complete view of the several factors affecting the planning process. As the writings suggest, the decision whether the advertiser creates an “informative” or a “reminding” advertisement

must depend on the objectives pursued, the position of the company within business, the advertising of competitors, product characteristics and the target audience. Advertisers must know the offered product or service, and also study their potential customers, their habits, needs and mentality. “Modern advertising [...] is based on the tendencies prevailing the nature of mankind.” (Zwack, 1922, p. 22.), that is, it affects emotions. Therefore studies by several authors discuss what characteristics and motivational powers the two sexes possess, and, accordingly, what male or female fashion advertisements, or children’s toy advertisements should be like. In addition, the book also discusses the opportunities and attributes of international popularization, because if the company aims to expand into foreign markets, its advertising activities must also be adapted to the characteristics and taste of people in each country. (Saxlehner, 1922)

Therefore, the book does not only explain advertising tools and the opportunities of combining them with the physical characteristics of the product, but also focuses on the psychological aspects of advertising. It also assesses and differentiates consumers, encourages the specification of the target audience (although using a different terminology), and goes through the planning process according to these.

Several studies discuss the elements defining the message and visuals of advertising, and from these we may see that if we consider advertising a product that is new to the market, the first task is (as it is also emphasized today) the creation of uniqueness, the distinction of the product with a unique name that is easy to remember, and tasteful, original packaging. In this case, the first step of advertising activities is the promotion of the name. As opposed to Csízik, this book states that advertisers have to avoid even the appearance of self-praise in advertising copies. The best way to win consumer trust is a fair attitude and honest work. (Félix, 1922) The characteristics of sophisticated artistic advertisements are “[...] an attractive image, a word or slogan that is easily recorded in memory, and well-crafted words that raise interest, and, besides being attractive and impressive, are unique, creative and rich in ideas.” (Zwack, 1922, p. 23.) The point is that the product or company name be imprinted in the memory of the customer as a result of eye-catching advertisement and constant presence.

As Ödön Saxlehner (1922, p. 13.) said, “Advertisement is the way to business success, an effective tool, a sentinel and power of business world aiming for a close relationship with consumers and searching for new ones.”

The readers of the book also get advice on how to define the price of a new product or service. It suggests that greater revenue generated by smart advertising has a positive influence on prices, therefore the advertiser does not necessarily have to include advertising costs in the price; although it can add it in case that the price is very high. However, customers must be aware that they have to pay the price for a quality product, therefore low price is not always an appropriate strategy; moreover, it may create uncertainty in distinguished consumers. (Stavropoulos, 1922) Just like today, advertisers of the early 20th century carried out careful planning and analysis before they defined the price. They also had to consider the quality of the product, the financial status of the target group, the volume of advertising and other costs, and the prices of the competition.

It has also been known for a long time that successful advertising activities involve consequence, exemplified by the elements of advertising. If we always use the same picture, the target audience gets used to it sooner or later, and may even get bored of it; anyway, we need a permanent motif appearing in all our advertisements so that the consumer will know who the advertiser is. (Kertész, 1922) In modern advertising logos are an example of tools used for the same purpose. In the case of big brands it is often enough to display the logo in the advertisement, and the audience will recognize who the advertiser is.

The authors of this book do not only explain the necessity of the planning of advertising activities, but also point out that once the campaign is over, advertisers need to analyse its results and the reasons behind them. Advertisers must find out if the campaign was timely, the product fulfilled consumer demand, and consumers liked the advertisements, etc. According to an essay by László Chmura (1922), in order to select the most appropriate tools for a specific product, advertisers need to monitor and examine the impact of the tools applied, and increase the ratio of the most effective ones in the future. Opportunities to measure the effect of advertising included the number of newspaper copies sold, control tickets, the attachment of order receipts, the provision of gifts, and the business reports of travellers. The most valuable knowledge, however, was if they knew the readership of each paper with all its characteristics.

Having read Csízik's words it is no surprise that several authors of the book mention the use of a harmonic combination of communication tools, or, in today's terms, the application of integrated marketing communications. They point out that even the smallest businesses must take

the opportunities offered by newsletters, prospectuses and business brochures, while in the case of bigger companies “This harmony is best expressed through the press, posters and the trademark product promoted on posters.” (Plökl, 1922, p. 101.)

The writings published at the time emphasize how important the quality of the product, the definition of the price, the selection of communication tools, and the range of shops keeping the product in stock are – therefore we can say that they discuss terms including the 4 P model (product, price, place, promotion), also known later as the marketing mix. In addition, an essay by Tódor Porteller (1922, p. 74.) discusses the last three items of today’s services marketing 7P, that is, people, process and physical evidence, and their significance: “Advertising starts with the polite, attentive and educated assistance staff. Primarily, with the use of shop room for advertising purposes. Advertising: polite service, impressive, but still tasteful signs, modern shop equipment, and a shop window that is systematically organized and easy to see.”

CSR (Corporate Social Responsibility) is an acronym that is used widely today. We might think that the idea has emerged in the past decade as a result of social tension and sustainability requirements, but the book published in 1922 proves that although environmental ideas were not covered, measures serving social purposes were already included in the companies’ business activities: “The appearance of the companies’ leading figures in city and public life, and their participation in charity activities, etc. are advertising tools as well.” (Félix, 1922, p. 29.)

Although the evolution of economic advertising science was still in its first stage in the early 1920s, the authors already recognized the fact that advertising services are not only required by business but also by the state, or politics. It affects emotions, and has an influence on people’s thinking and will, thus it is able to make people keep to the law, and accept and follow its ideas. In order to achieve that politicians have all the known propaganda tools and they do use them. (Haidekker, 1922) We are also told that public service advertisements already existed at the turn of the century. Examples include posters that promoted development, health and culture, and used shocking examples for demonstration – some of these drew attention to child protection, sexually transmitted diseases, and the fight against alcoholism and prostitution. (Bittner, 1922)

Vilmos Fuchs mentions an interesting phenomenon in his study (1922): street sellers often hire fake customers in order to create an illusion of great interest and attract people to their goods, thus generating real purchases. Today this kind of marketing activity would be called *astro-turfing*. The same study also describes commissions and gifts serving as incentives for the selling staff, that is, sales promotion, and supplementary services. “Therefore accurate and pleasant service, fast transport, quality guarantees, the replacement of inappropriate goods, the opportunity to see the product without any purchase, and home delivery are all effective advertising tools that can be used according to the nature of the business, and may provide great advantages to the specific company [...]” (Fuchs, 1922, p. 299.).

Although the book includes claims by advertising professionals that advertising is a science, no training for advertising professionals was held within the school system in 1922. Therefore the book urges the development of industrial and commercial vocational education. It proposes the introduction of a secondary school education programme that would support innate talent and creativity with professional knowledge, and provide regular opportunities for the learning and practice of advertising activities. (Bakonyi, 1922)

Finally we would like to mention an early version of an often cited truth on the power of advertising, also described in the book: “Even things that seem tiny or unimportant can not be too small or too weak for someone to build a future existence or business on them, supposing that he/she recognizes the strong and healthy foundations of an advertising plan.” (Fuchs, 1922, p. 298.)

Summarizing the content of the book it becomes clear that just five years after Csízik’s book a much broader knowledge base was put on paper by professionals who were using that knowledge in their daily work. The book is built up of records of practical experiences, their analysis and comparison, which all in all gives a comprehensive overview of the characteristics and opportunities of contemporary Hungarian advertising. It is a summary of knowledge gained from experience and a theoretical framework, all appearing in the basics of modern advertising theory, too.

Interestingly, one of the studies also explains what a real advertising professional is like: “[...] also finds his interests in the strengthening financial status of the advertiser [...] can look back on long years of experience, has established proficiency in economics, knows the market and

the psychology of the audience [...] can lay the foundations of an advertising plan with certainty and determination, [...] considers all possible scenarios in order to [...] avoid any surprises, [...] plans his/her paths with careful foresight, and goes along them with strict accuracy.” (Blockner, 1922, p. 52-53.) The definition can be attributed to Izidor Blockner, who opened one of the first advertising offices in Budapest in 1891.

Advertisements and Psychology – or, the Science of Advertising

The book edited by Csízik and published in 1922 was followed in Hungary by the study “A hirdetés tudománya” (“The Science of Advertising”) by László Szabó, published in the second half of the 1920’s. The work further expands and organizes the knowledge published in earlier books. The author acquired his experience in the United States, and called Americans the most realistic people in the world, whose work methods, business principles and attitudes are worth learning. They are not ashamed to declare that “Advertising is always about financial assets” (Szabó, 1927, p. 5.) and in fact “Everything on Earth that is done to influence people in a favourable direction is advertising.” (Szabó, 1927, p. 4.) He learnt from them – more precisely, from Edison – that the secret of good advertising is always two people: “[...] one who knows what makes the advertising product interesting and valuable, and another who can express it in words.” (Szabó, 1927, p. 99.)

Szabó also emphasizes the significance of vocational training. He refers to the lack of advertising education in Hungary and mentions the professional education of “advertising architects” at major contemporary American universities as an example to follow. (Szabó, 1927, p.41.)

He is one of the first authors stating that the reasons of advertising success can be noticed and organized, that is, there are general rules and regulations that can always be applied, suggesting that the theory and science of advertising was established. Basic rules include that persuasion should always use positive words and happen mostly indirectly, and advertisements should have something in common – either typography or a special introduction – which immediately shows who the advertiser is. In order to induce people to purchase, we must win their trust, which requires straightforward and honest messaging, definite statements, advertiser optimism and the avoidance of exaggerations. Stating that you are “The best

barber in the street” is more credible and builds more trust than “The best barber in the world”. (Szabó, 1927, p. 6., pp. 14-15.)

The book divides business advertisements into three groups according to their aims: “sales” advertisements expecting direct business results, “educating” advertisements presenting the characteristics and use of the product, and “customer retention” advertisements providing permanent awareness. We also have these categories today, but we call them advertisements providing a concrete and current offer, market entry advertisements, and image advertisements.

The author also analyses the issue of budgeting. He lists all the aspects that must be taken into account when dividing the advertising budget. Advertising spending is an expenditure if its aim is to maintain the public awareness of a well-known product, and it is an investment if its purpose is to put a new product to the market. A good businessman plans his budget at least for a year in advance, dividing the year into seasons according to the fluctuations of annual turnover. The intensity of advertising can be increased or decreased in accordance with the season, but continuous presence is the most rewarding strategy in the long term. Szabó also explains that contemporary economists had a scientific interest in the topic of advertising expenses, and they revealed certain regularities as a result of their analyses. For example, they found out that there are unique artisanal products with the same production cost for each item, and in these cases advertising costs may not be decreased by increasing the volume of production. In such cases, increasing the volume of production generates higher prices, and advertising costs are transferred to the buyers, while economies of scale entail that advertising costs pay off as a result of increasing profit. (Szabó, 1927)

The book calls the science of advertising applied psychology, and states that the scientific research methodology of advertising uses tools of experimental psychology. It might be the first description in Hungary describing the four-step psychological process induced by advertisement in humans, leading to a purchase decision – or, as it is called today, the AIDA model:

1. “Attracting attention”
2. “Gaining interest”
3. “Creating desire”
4. “Urge to take action”, meaning that the customer decides if he/she makes a purchase right there, or sometime later. (Szabó, 1927, pp 11-12.)

Szabó claims that the illustration of advertising must not include elements that may distract the audience from the subject of advertisement. For example, women may only appear in advertisements if they have something to do with the product advertised. (Szabó, 1927)

This is the first book mentioning that the pleasant or elegant atmosphere of the advertising illustration awakens the desire in the observer to get in a similar situation through the purchase, and many people are inclined to buy clothes worn by famous actors and actresses. (Szabó, 1927)

The book presents the features of advertising in all their details through the example of press advertisements. It describes case studies from abroad, and a Hungarian example, too. An advertising contest by the Est newspaper group with a first prize of a hundred million (“Az Est-lapok százmilliós hirdetési versenye”) was announced in 1926 to bring advertisements into the readers’ attention. Each day, the Est papers published short articles on the psychology, techniques and economic significance of advertisements, then announced a contest asking readers to analyse a specific advertisement regarding its text and visuals. The competition was followed by great interest from the beginning. In Szabó’s opinion the campaign facilitated the Hungarian readers’ acceptance of advertisements; they also learned to understand that advertisements have economic value and serve the readers’ interests by providing them information. (Szabó, 1927) The author presents the best entries through several pages, and besides promoting the publisher of his own book, he informs readers about the characteristics of quality advertisements including their motifs, wording, and influence on the consumers.

The book by László Szabó provides us with a systematically structured, complete overview of the advertisement rules established by the end of the 1920’s. He discusses the details of the advertising campaign regarding both planning and execution, and describes the available options. As the analysis of the topics above shows, the professionals of the era recognized that advertisements must affect the emotions of consumers, therefore they devoted increasing attention to the analysis of human motivation – that is, the world of advertisement embraced the science of psychology.

The Economics of Advertising

The theory of advertising had intertwined with auxiliary sciences and art by the beginning of the twentieth century, and nothing illustrates this better than the book “A reklám” (“Advertising”) that consists of three parts and was published in 1927. The book pins together three works on advertising and a writing on advertising law, which provide us with in-depth information about the economics, psychology and art of advertising during that period.

The first book approaches advertising from a perspective of economics, and explains its importance emphasizing economic aspects. According to a definition by Naményi (1927) the aim of advertising is to create the preconditions of mass production through the generation and control of needs, and the creation of collective demand. Therefore it focuses on the generation of needs, because needs are the driving force behind people’s resource management, also serving as the basis of certain habits. As needs can be interchanged or even combined, the role of advertising includes not only the stimulation of certain needs (even by overshadowing others), but also the presentation of possible combinations of needs that fit together, and the facilitation of the formation of buying habits (Naményi, 1927)

Naményi was the first to mention the role and importance of branded products, that is, the connection of the manufacturer with the customer by branding its products. From a manufacturer’s point of view, on the one hand, this created the necessity to provide and maintain good quality, because it could only operate effectively in the long term through responsible production; on the other hand, it stimulated competition and increased the number of potential customers. As a result, the consumers of the era usually saw the advertisements of branded products aiming to achieve brand loyalty. From a customer’s point of view, the choice between various manufacturers’ products serving the same purpose was made easier, and the desired quality at the expected price was always provided. (Naményi, 1927)

The author differentiates between the advertising practices of manufacturing and wholesale (the B2B sector, as we say it today), and those of craftsmen and retail trade (that is, the B2C sector today), and discusses the two categories in separate chapters. He puts special emphasis on luxury industry as the tone and tools of advertising had to correspond with

consumer expectations, the size and activities of the company, and, last but not least, the available budget, just as today. For each sector, he lists the tools that can be used effectively, and explains their advantages, characteristics, correct use and proper execution. (Naményi, 1927)

The book is the first to describe collective advertising, that is, when all the producers of a profession cooperate to advertise their product without mentioning the brand name. In this case the advertiser promotes all the other producers, too, which is highly important from an economic perspective: a group of producers, farmers, craftsmen or merchants continues propaganda with common will, common goals and joint control, in order to increase the consumption of their products. (Naményi, 1927)

The author devotes chapters for the topics of advertising budget and campaign planning, and provides several examples, too. In addition, he presents a percentage division of the advertising budget, and emphasizes that the current economic climate must always be considered when budgeting.

We also get a formula to assess the effect of advertising. The result of advertising must be divided by the cost of advertising, and we get the result coefficient – if it is greater than one, our advertising has been successful. If the quotient is exactly one, the campaign is not at a loss; if the result is smaller than one, it is in the red. (Naményi, 1927)

We can read the first writing about the legal environment of advertising in the appendix of this book. We find out that only a few legal regulations regarding advertising existed at the time; examples include the regulation of unfair competition. However, there were areas whose legal framework could be applied for advertising-related cases: examples include the prohibition of misstatement, and industrial property laws. (Naményi, 1927)

In the book, the author provides a complete scientific background to advertising confirmed by several statistics and concrete examples supported by numerical data. The book on the economics of advertising is complemented by works on the psychology and art of advertising, and this amalgam of three different sciences gives us an overview of successful advertising in the twenties. Therefore we can say that the science of advertising was born with the publication of this book.

A Summary of Advertising Techniques in the 1910's and 1920's, and the Terminology Today

In the table below we attempt to prove that most of the advertising tools and terms we use today are not novelties as they were already known and used a hundred years ago.

Table 1.: Modern advertising and marketing communications tools and expressions, and their appearance in advertising reference books in the 1910's and 1920's

Contemporary tools and terms of advertising and marketing communications	First mention	Characteristics at the time, related expectations
Advertising	1917	"Advertising, in its entirety, can be viewed as the act of advertising, the call up, the warning, the offer, self-praise, all of these together, and still, none of them really. [...] Advertising encompasses (and cannot be imagined without) drawing interest or attention; [...] Thus advertising is some kind of representation, but also a call for competition, and, besides all this [...] a general tool of representation and business competition for success and advantages [...]" (Csizik, 1917, p. 9.)
Product name, brand name	1917	it is important that the name be easy to remember; it may also be funny, but should not be disliked by anyone. Registered names and trademarks are also some sort of advertising, facilitating the promotion and protection of the product
Business card, trademark	1917	facilitates the promotion and protection of the product
Packaging	1917	be attractive, characteristic and easy to notice
Customer relationship management	1917	everything sent out to the customer community by the businessperson or manufacturer should represent that business in a proper way.
Business prints	1917	represent the business in an appropriate way, their appearance and expressions correspond with the size and financial conditions of the business
Word of mouth advertising (WOM, customer generated media – CGM)	1917	"people are mostly affected by spoken word, that is, word of mouth" (Csizik 1917, p. 6.)
Poster	1917	noticeable, can be read from a distance, its image is simple and artistic, its text is short and clear, makes a lasting impression
Print advertisement	1917	a basic element of advertising campaigns
PR article	1917	the topic of an earlier press release is included as a current issue in another text with an advertising purpose
Planning advertisements	1917	advertising campaigns must be planned according to the required influence

<i>Contemporary tools and terms of advertising and marketing communications</i>	<i>First mention</i>	<i>Characteristics at the time, related expectations</i>
Integrated marketing communications	1917	elements of great advertising include street posters, press work and business brochures, accompanied by minor advertising tools
Emotional advertising	1922	"Modern advertising [...] is based on the tendencies prevailing the nature of mankind." (Zwack 1922, p. 22.)
International promotion	1922	advertising activities must adapt to the characteristics and taste of the citizens of each country
Unique selling proposition (USP)	1922	product must be clearly distinguished from its competitors, and it must have a name that is easy to remember, and tasteful, unique packaging
sophisticated artistic advertisements	1922	"[...] an attractive image, a word or slogan that is easily recorded in memory, and well-crafted words that raise interest, and, besides being attractive and impressive, are unique, creative and rich in ideas." (Zwack 1922, p. 23.)
Pricing	1922	customers must be aware that they have to pay a price for quality products, and low price is not always the right strategy
Logo	1922	consequence is important, a constant, uniform motif is required in the advertisements of the company, and the consumer identifies the advertiser immediately
Campaign measurement	1922	in order to select the most appropriate tools for a specific product, advertisers need to monitor and examine the impact of the tools applied, and increase the ratio of the most effective ones in the future
Analyzing campaign results	1922	opportunities to measure the effect of advertising included the number of newspaper copies sold, control tickets, the attachment of order receipts, the provision of gifts, and the business reports of travellers. The most valuable knowledge, however, was if they knew the readership of each paper with all its characteristics.
Early 4P model (product, price, place, promotion)	1922	how important the quality of the product, the definition of the price, the selection of communication tools, and the range of shops keeping the product in stock are
Services marketing early 7P model (4P + people, process, physical evidence)	1922	"Advertising starts with the polite, attentive and educated assistance staff. Primarily, with the use of shop room for advertising purposes. Advertising: polite service, impressive, but still tasteful signs, modern shop equipment, and a shop window that is systematically organized and easy to see." Porteller (1922, p. 74.)
Corporate social responsibility (CSR)	1922	"The appearance of leading company figures in city and public life, their participation in charity activities, etc are all tools of advertising." (Félix 1922, p. 29.)
Political advertising	1922	it effects people's thinking and will by influencing emotions, therefore it can make people abide by the law, and accept and follow its ideas
Public service advertisement (PSA)	1927	examples include posters that promoted development, health and culture, and used shocking examples for demonstration – some of these drew attention to child protection, sexually transmitted diseases, and the fight against alcoholism and prostitution.

<i>Contemporary tools and terms of advertising and marketing communications</i>	<i>First mention</i>	<i>Characteristics at the time, related expectations</i>
Astroturfing	1922	street sellers often hire fake customers in order to create an illusion of great interest and attract people to their goods, thus generating real purchases.
Sales promotion	1922	sales staff is attentive and gets commission or incentives for high performance
Supplementary services	1922	"Therefore accurate and pleasant service, fast transport, quality guarantees, the replacement of inappropriate goods, the opportunity to see the product without any purchase, and home delivery [...] may provide great advantages to the specific company [...]" (Fuchs 1922, p. 299.)
Segmentation	1922	analysed and classified consumers
Setting the marketing budget	1927	must be planned at least a year in advance; year must be divided into seasons based on the fluctuations of turnover, and advertisements must be more or less active according to those
AIDA model	1927	a good advertisement provokes a four-stage psychological process in consumers, which finally leads to a purchase decision: attracting attention, gaining interest, creating desire, urge to take action
The aim of advertisements is desire	1927	the consumer would like to live in a way depicted in advertisements, and feels that he/she can get closer to fulfil this desire by buying the advertised product
Creating needs	1927	the primary aim of advertising is to create needs
Branded products	1927	the manufacturer meets the customer, provides responsible production, quality is required, competition is increased
Collective advertising, social advertising	1927	a group of producers, farmers, craftsmen or merchants continues propaganda with common will, common goals and joint control, in order to increase the consumption of their products.
Measuring the impact of advertising	1927	The result of advertising must be divided by the cost of advertising. This is the result coefficient; if it is greater than one, our advertising has been successful.
B2B, B2C	1927	There is a differentiation between the advertising of manufacturing and wholesale (B2B) and craftsmen and retail trade (B2C), because the tone and tools of advertising must correspond with consumer expectations, and the size and activities of the company.

Source: edited by the authors based on the works mentioned in the study, also included in References

Conclusions

As it has been demonstrated in this essay, and, especially, in the table above, Hungarian advertising and Hungarian advertising science were not born in the past twenty years, contrary to what many people suggest. Instead, fundamental works providing theoretical foundations and practical advice were published in the 1910's and 1920's. Several modern advertising terms and expressions appeared in those books as early as almost a hundred years ago, even if with different names. Therefore we can consider those years as the genuine and far-reaching beginnings of Hungarian advertising science.

Bibliography

- Bakonyi, J. (1922): Szakoktatás a reklámról. In: Bányász, J. (ed.): *A reklám propaganda*. ("Advertising Education. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Bittner, J. (1922): A magyar rekláméletről. In: Bányász, J. (ed.): *A reklám propaganda*. ("Hungarian Advertising. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Blockner, I. (1922): A reklámtevékenység megindítása. In: Bányász, J. (ed.): *A reklám propaganda*. ("Starting Advertising Activities. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Chmura, L. (1922): A reklám hatásának ellenőrzése. In: Bányász, J. (ed.): *A reklám propaganda*. ("Measuring the Impact of Advertising. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Csapó, K. – Karner, K. (ed.) (2003): *Reklámélet Pest-Budán és Budapesten 1845–1945*. ("Advertising in Pest-Buda and Budapest 1845–1945") Budapest, Geomédia Kiadói Rt.
- Csízik, Gy. (1917): *A reklám*. ("Advertising") Budapest, Lampel R. Kk. (Wodianer F. és Fiai) R.T. Könyvkiadóvállalata
- Félix, A. (1922): A reklámtevékenység jelentőségéről. In: Bányász, J. (ed.): *A reklám propaganda*. ("On the Importance of Advertising. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó, 1922.
- Fuchs, V. (1922): A vevőkör szervezése. In: Bányász, J. (ed.): *A reklám propaganda*. ("Organizing the Clientele. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Haidekker, S. Jr. (1922): Reklám a politikai élet szolgálatában. In: Bányász, J. (ed.): *A reklám propaganda*. ("Advertising in the Service of Politics. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó

- Hopkins, C. (2009): Tudományos reklámozás. (*"Scientific Advertising"*) Budapest, Marketingzeseni könyvtár
- Kertész, K. M. (1922): Az állandó motívumok alkalmazásának kiváló szerepe. In: Bányász, J. (ed.): *A reklám propaganda*. ("The Excellent Role of Applying Standard Motifs. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Naményi, E. (1927): A reklám gazdaságtana. In: *A reklám*. (*"The Economics of Advertising"* In: *"Advertising"*) Budapest, Pantheon Irodalmi Intézet R_T.
- Plökl, A. (1922): A reklámeszközök harmóniája. In: Bányász, J. (ed.): *A reklám propaganda*. ("The Harmony of Advertising Tools. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó, 1922.
- Porteller, T. (1922): A reklám egységes vérkeringéséről. In: Bányász, J. (ed.): *A reklám propaganda*. ("On the Uniform Practice of Advertising. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Saxlehner, Ö. (1922): A reklámról általában. In: Bányász, J. (ed.): *A reklám propaganda*. ("On Advertising in General. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó, 1922.
- Stavropolos, S. (1922): A reklám hatása az áruk áraira In: Bányász, J. (ed.): *A reklám propaganda*. ("The Impact of Advertising on the Prices of Products. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó
- Szabó, L. (1927): *A hirdetés tudománya*. (*"The Science of Advertising"*) Budapest, Az Est
- Zwack, B. (1922): A művészet és reklám. In: Bányász, J. (ed.): *A reklám propaganda*. ("Art and Advertising. In: Bányász, J. (ed.): *Advertising Propaganda*") Budapest, „Jury” Kereskedelmi és Jogi Szaklap Kiadó