

# THE BEGINNINGS OF MARKET RESEARCH AND MEASUREMENT OF MARKET ADVERTISING EFFECTIVENESS

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## ABSTRACT:

Our academic literature about the history of Czech and Slovak advertising has been sketchy at best, often written under the influence of impressions rather than based on a real scientific analysis of historic reality, facts and development tendencies; in many cases it lacks thorough knowledge on the background of advertising, i.e. on the socio-economic, media, cultural, and creative environment in general. This study intends to analyse the beginnings of objectivization of analyses reflecting on the conditions for effective advertising at the turn of the 19<sup>th</sup> and 20<sup>th</sup> century, i.e. on the stages of development from the first dictionary definitions of the concept in 1868 up to the year 1927. It comes out of the contemporary local books, particularly, dictionary compendia – *Slovník naučný* (in English *The Rigger's Dictionary*) published in 1868 and *Ottův slovník naučný: ilustrovaná encyklopedie obecných vědomostí* (In English *The Otto's Dictionary*) in 1904. The author studies in detail two key books – monographs written by Zdenko Šindler (*Moderní reklama*, in English *Modern Advertising*, published in 1906), and by Vojta Holman (*Reklama a život*, i.e. *Advertising and Life* published in 1909) – and by doing so concentrates on their concept of an effective advertising activity. However, most attention is paid to Jan Brabec and his book published in 1927 under the title *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*, i.e. in English *The Principles of Profitable Commercial Advertising – On the Basis of American Studies and Experience*.<sup>1</sup> The study comes to the conclusion that this book published by Jan Brabec actually laid the foundations for building a scientific theory associated with a specific communication activity, i.e. with the Czech advertising.

## KEY WORDS:

advertising, market research, effectiveness of advertising activities, history of Czech advertising



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<sup>1</sup> Jan Brabec, the editor-in-chief of TYP (a magazine aimed at modern entrepreneurship) and one of the leading officials working at the Reklamní klub československý (in English *Czechoslovak Advertising Club*) from 1927 to 1949, significantly influenced professional awareness of the advertising community and intensely promoted scientific approaches to advertising. His first book applied the latest contemporary findings of psychology, sociology, economics and other social sciences to study advertising in its whole systematic complexity and, primarily, placed emphasis on the importance of comprehensive market research followed by thorough advertising effectiveness measurement (remark added by D. P.).

# Introduction

If asked for an unbiased and global assessment of the role of advertising as an information and persuasion tool in the context of human culture, we would have to give an objective answer and say that advertising is simply an area of human creativity, the first one aiming specifically to build a systematic and synergic communication system consisting of various tools and means. Advertising has been using the mass media as carriers of information since the first moments of its birth. However, at the same time – because it is also perceived as a communication tool that has been involved in strong competition struggles from the very beginnings of its origin – advertising is measured in terms of profit it is able to generate. And so the advertising theory and practice had to define very early the concept of advertising effectiveness and also the tools to measure this effectiveness with. There were two different ways how to do it: either to adopt applicable methods and their research tools from an existing ‘instrumentarium’, i.e. from a set of tools used in other sciences, or to find advertising its own, specific research procedures expected to lead to fulfilment the desired goals.

We can see that the developments in this field of study in other parts the world were more dynamic and intense than in the Czech lands. The new findings proposed by various sciences were applied to the life of society there more quickly; faster and more consistent industrialisation resulted in the mass production and formation of a mass consumer. This knowledge (on segmentation of the interest markets and employment of the effective forms of communication between the producer/distributor and the relevant target groups) was applied in order to persuade the target groups that buying the offered mass-produced goods is just ‘a must’. Such trends were dictated by the quickly passing time of the 19<sup>th</sup> century and prevailed in industrially more advanced countries, i.e. in Western Europe and in the USA. In the second half of the 19<sup>th</sup> century the first specialist advertising agencies were set up in these countries, alongside market research agencies, unions and associations formed by key players in the advertising market. Moreover, the first basic ethical principles of the profession were formulated and codified through new ethical codes of advertising. In general, exactly those countries which witnessed the institutionalisation of professional advertising were the ones to determine the basic development trends and orientation of this line of work. In our opinion, it is possible to identify two different stages that are related to a certain change in the views on and the perception of the effectiveness of advertising activities in the Czech advertising history of the first half of the 20<sup>th</sup> century:

- Stage 1 – theoretical thoughts on the potential of effective communication in the first two decades of the 20<sup>th</sup> century,
- Stage 2 – implementation of a scientific approach to the effectiveness of advertising in the context of commercial sales activities from the year 1927.

## Stage One in the Czech Lands

The first views on the efforts to codify promotional communication activities under a common name – advertising – can be found as early as in 1868 in the F. L. Rigger’s Dictionary: “*In Czech, ‘Reklama’ (advertising, an advertisement, remark added by D. P.) (from French réclame). 1) In typography the name of the word often placed at the end of a page or at the end of a sheet under the last row to indicate that the following page or sheet starts with the same word; nowadays, this method is not used in book printing anymore. 2) R. (an advertisement, remark added by D. P.) can also mean a newspaper article placed in a daily or mixed news, which for a pay or for other, naturally, fishy and so unimportant reasons spreads undeserved praise for some book or work of art or persons as such; so, r. (an advertisement, remark added by D. P.) means just as much as spreading, shouting.*”<sup>2</sup> We have to remark that it is not a very positive definition of persuasion activities; however, it was determined in the age when the commercial sphere and advertising communication were characteristic by heavy exaggeration and so we can hardly be surprised to see this definition. The impact of a loud, perhaps even

spectacularly colourful, exaggerating advertising rhetoric, brought by activities of P. T. Barnum was in our local, cultural context perceived as inappropriate and aggressive; it was evidently in discord with a relatively cultured domestic news and magazine communication, with the overall rhythm of the social life and politeness associated with other kinds of communication.

The Otto’s Dictionary published in 1904 recognises the persuasive role of advertising and perceives it as a creative activity with an artful approach, which was also accentuated in other literature published in the first decade of the 20<sup>th</sup> century: “*In Czech ‘Reklama’ (advertising, an advertisement) (in French réclame), public praising of commercial or art objects and others in the form of leaflets, posters, barkers, shop signs, carriers of announcements, etc., especially in that of magazines. ‘An n o u n c e m e n t’ just announces the thing, whereas r. (advertising, an advertisement, remark added by D. P.) tries to make it different from things around, highlight, make it close to attention of the audience. It happens by using headlines (showy, mysterious, making people curious), by sparing no expense on space, by stereotype repetition, verse lines and rhymes, especially then by images... The technical expression: a magazine r. (a print ad, remark added by D. P.) means ordinary adverts printed on a prominent place (under the line, etc.) for a higher fee.*”<sup>3</sup>

In contrast to dictionary entries, the specialised publications written by active advertising professionals during the first decade of the 20<sup>th</sup> century are formulated with a much greater knowledge regarding the internal functioning of advertising as a social phenomenon; these professionals also much better perceive the possibilities and limitations of advertising in terms of influencing the level of awareness and knowledge of the target public and thus better understand the possibilities to influence the target group’s purchase behaviour.

The first monothematic Czech publication on the topic of advertising is the book written by Zdenko Šindler and published under the title *Moderní reklama* (in English *Modern Advertising*) in 1906. Šindler was the owner of an advertising agency named *Moderní reklama v Praze* (in English *Modern Advertising in Prague*) and also worked as a copywriter and graphic artist. In his time he must have been one of the top professionals; his clientele included companies and businesses like Baťa, Maggi, Laurin & Klement, Bratři Zátkové, Lázně Luhačovice, and other well-known enterprises. With respect to the topic of this study, i.e. effectiveness, it seems a good idea to mention one of his main thoughts about how important it is to know the subject of an advertisement and the characteristics of the target group. Z. Šindler says: “*I don’t and can’t give everyone a specific instruction how to do advertising for every type of goods, every individual case requires individual advertisements. The purpose of this book is to teach the reader to get into the advertising S P I R I T and show how it is possible to impact the >spirit of the crowd< with advertising.*”<sup>4</sup> It is beyond doubt that the necessity to individualise the advertisements based on the specific profile of a target group is one of the key conditions for a truly effective communication. As Z. Šindler’s words suggest – we think – it is more likely about suspecting the possibilities of an effective, persuasive communication which, in line with other socio-economic conditions, can be the tool for achieving the set commercial goals.

Another important author working at the beginning of the 20<sup>th</sup> century in the Czech circumstances is Vojta Holman. He was responsible for organising print advertising at the printing works POLITIKA in Prague, and so a hands-on professional who, apparently, under the pressure of a not completely clear advertising reality around him felt an urge to clarify things, systematise them, appropriately name them and examine their interrelations and effects, impacts of advertising on the life of society – not only in the economic sphere, but also in the cultural, health sphere, etc.

V. Holman correctly identifies the objective necessity of advertising as a useful tool of orientation for the consumer within the market which offers goods produced on a mass-scale and at the same time looks to find a mass consumer. And advertising is exactly the tool that matches the needs and demands of mass production, mass market and mass consumption: “*A modern social organisation is heading towards the production of goods on a mass scale and these masses of goods have to be sold on a mass scale. And it is not possible to do so without advertising, well, actually many can’t do so even with advertising. Advertising is not a necessary evil, actually, it is not implicitly good or bad; in fact, it comprises good and bad, ugly and noble, in one word all characteristics*

2 RIEGER, F. L. et al.: *Slovník naučný*. Praha: I. L. Kober, 1868, p. 308.

3 *Ottův slovník naučný: ilustrovaná encyklopedie obecných vědomostí*. Praha: J. Otto, 1904, p. 456.

4 ŠINDLER, Z.: *Moderní reklama*. Praha: F. Šimáček, 1906, p. 4.

of human behaviour, of people's contact. Advertising always has the same purpose, only its tools vary according to the time and habits of a nation.<sup>5</sup>

It is admirable that 107 years ago an intelligent observer and at the same time the maker of the world of advertising was able to aptly depict the essence of effective advertising and do so in its language of profitability of advertising: "The secret of profitability of advertising lies only and solely in the way of using it. Few are the chosen ones who find the courage to come into contact with advertising; there are more of those who are afraid of it, scared by its big needs. Many break away from it – just to their detriment – the improvident ones. They would like to harvest without seeding. They deserve sympathy for they are no businessmen themselves. They know very well that Prague has not been built in one day, yet as soon as they make a fairly small, unsuccessful attempt they immediately start moaning and complaining and would demand the impossible from an advertisement. Not that everything can be achieved through advertising by paying for it and it is not true that everything has to be bet on a single card, either – just the opposite: it doesn't depend so much on how much we spent on the advertisement but rather on how we executed it. Its effectiveness is the only thing that matters and very often a modest sum of money works far better than thousands wasted. Although it is very difficult to define any generally valid rules for advertising, how to make advertising, the more and more prevailing opinion here is that even in this field there must be a method that should be tried and tested for every beginner to be able to achieve his goal. And it is necessary to pursue his goal in the planned way."<sup>6</sup>

V. Holman accentuated two key elements of any effective advertisement here: creativity of its execution and a planning and goal-setting process which aims to achieve that goal. He also pointed out the fact that the final advertising picture consists of all types of stimuli related to advertising and promotional activities, even of those that are not an integral part of the intense advertising communication currently: "Not only posters, adverts, leaflets, pricing lists, samplers, circulars, fliers and supplements but also travelling salesmen, attendants, showcases and last but not least the lightning have to be good parts of systematic, neat and methodical advertising to ensure the entire apparatus of advertising worked perfectly."<sup>7</sup> At the same time we should not forget that the instrumentarium of advertising tools and means at the beginning of the 20<sup>th</sup> century used to be relatively limited: print ads, posters, some sale support tools and the possibilities of direct selling – person to person sales; in other words the true possibilities of effective, complex marketing communication strategies were still far away, somewhere in the future.

Our advertising practitioner, V. Holman, in his book pays attention to many questions and issues more or less closely related to the effectiveness of advertising activities. He would, for example, follow the strategy to reach out to the main target group – women – and warn not to deceive them with advertising: "The advertisement that doesn't fulfil what it promises becomes a two-edged weapon that can harm only its maker. Win ladies and you have won."<sup>8</sup>

He warns against a simplifying proportion in terms of a simple equation of spending on advertising and at least the equal profit from it in the near future. He is right to think in the dimension of a long-term impact, and the whole book shows a clearly formulated belief that the advertising effect should be long lasting and intense: "However, this should not be understood like that the 100 'gold' (monetary currency used at that time, remark added by D. P.) I paid for the advertisement today I have to put in my pocket as a net profit as early as in the next week. Suffice if the advertisement won a customer for us and the customer would stay with us in the future having been well served, well, actually, he can make a lot of money for us in due time. To do this means to do a regular business."<sup>9</sup>

He is not only looking into the specifics of execution of advertising communication, but also systematically studying the external economic, cultural, communication, social environment where the advertising process as such takes place. He strongly emphasises how important it is to have information about the profile of the target group and says: "For every merchant or industrialist who intends to do advertising it is important to

know not only the nature of his customers but also something about their political and social status and the way they think and also about all other relationships and arrange his advertising according to that knowledge..... A solid tone of voice of an advertisement works on some, and a humorous tone of voice works on others. Some are impressed by science and by experts, others by art... and to capture this inner feeling and emotion of all classes of the population is a great task for the art of advertising. And here we should also face the great truth of today, i.e. that the retailer can't limit his education purely to so-called economic and commercial sciences but has to pay attention to all generally important matters, humanities and social sciences, art and finally also to politics. By doing so his skill and sensitivity in dealing with customers will improve and the point is that customers always like to see that their interests are respected by the merchant and this generally supports smooth business operations."<sup>10</sup>

The typical feature of the publication written by V. Holman is the effort for a complex and systematic planning, creation and execution of an advertisement. He believes that only this approach can guarantee the effectiveness of any advertising, and in his conception, also of the profitability of advertising.

The first stage of the development of views and opinions on the effectiveness of advertising activities could be closed by an analysis of opinions about advertising as presented by the Otto's Commercial Dictionary published in 1924. The fact that advertising has gradually become established in the social life is confirmed not only by its growing presence in the life of young Czechoslovakia, by a significantly bigger share of ads in magazines and periodicals, development in retail including point of sale advertising, dynamics of direct – person to person – selling, more and more important role of fairs and exhibitions, emphasis placed on building a corporate identity of individual producers and commercial companies, but also by a ten-page entry on advertising in the above-mentioned dictionary. Advertising "is an activity recommending or offering any goods or any service. Perhaps all branches or lines of human activity use advertising: doctors of medicine, lawyers advertise, fine artists organise exhibitions for display; theatres and concert halls use posters, announcements in the news, reviews; literary pieces of work are also recommended in various forms and churches draw attention to themselves through spectacular festivities, biased magazines, and so on. However, the main playground for advertising is trade and industry. Its activity here is not restricted by anything and can freely develop."<sup>11</sup> The author of the entry pays attention to the selfishness of advertising he understands as a situation when advertising recommends products only their seller benefits from and not the consumer. But on the general level he can see a positive impact of advertising on our society: "However, it is largely the goods and services, which are good, that are recommended by advertising, even such that are very desirable to be widespread as their use is for the benefit of the mankind like, for example, bars of soaps, disinfectants, life insurance and insurance against fire, etc. ... Also charitable institutions can't do without advertising (the Czech Heart, hospitals, shelters and the like), so in these cases advertising works directly in the interest of the mankind..... It is definitely good when advertising shows which products are better and more advantageous than the others. By doing so it supports the right purchase and also makes the producer of sub-standard goods to adapt these goods to the better ones. The importance of advertising for trade and industry is enormous."<sup>12</sup>

The dictionary entry explains relatively extensively many questions related to advertising in the positive sense of the word (e.g. the effect of advertising on employment rate in the printing industry, in postal services, in the manufacturing of advertising, gifts and promotional objects, etc.) but does not forget to mention its negative aspects (e.g. unfair competition behaviour, effect of advertising expenditures on increasing the price of goods). Nevertheless, the positives in the explanation of the socio-economic role and functions of advertising predominate and the Otto's Commercial Dictionary also pays attention to the effectiveness of advertising. "The main thing is to see everything else goes hand in hand with advertising: good goods, reasonable price and sales organisation. A good, well executed advertisement has to be not only effective but also economical, in other words, it has to make the biggest effects possible with the minimum costs possible. ... The effect of an advertisement is based on persuasion and suggestion. The point is to convince the consumer through our advertising that it will be good for him to buy our goods. And the route to lead to this end can be to tap into people's practical,

5 HOLMAN, V.: *Reklama a život*. Praha: V. Holman, 1909, p. 8.

6 HOLMAN, V.: *Reklama a život*. Praha: V. Holman, 1909, p. 35.

7 HOLMAN, V.: *Reklama a život*. Praha: V. Holman, 1909, p. 37.

8 HOLMAN, V.: *Reklama a život*. Praha: V. Holman, 1909, p. 38.

9 HOLMAN, V.: *Reklama a život*. Praha: V. Holman, 1909, p. 38.

10 HOLMAN, V.: *Reklama a život*. Praha: V. Holman, 1909, p. 43, p. 114.

11 PAZOUREK, J.: *Otův obchodní slovník*. Praha: J. Otto, Part II, 1924, p. 1102.

12 PAZOUREK, J.: *Otův obchodní slovník*. Praha: J. Otto, Part II, 1924, p. 1102.

common sense (like that the product or item we are offering is good or cheap, durable or long lasting, and so on) or into their sense of art (the offered product or item is beautiful, pleasant, comfortable, and so on).<sup>13</sup>

It is remarkable how our predecessors were able to think as marketing experts as early as 92 years ago: the combination of advertisements – good goods – reasonable price – sales organisation – is a clear archetype of the current classical 4 Ps model: product, promotion, price and place.

The Otto's Commercial Dictionary places two requirements on an advertisement: it has to be convincing and therefore true; it has to be standing out and so not to be overlooked. Nevertheless: *"It doesn't depend just on good, reliable advertising aids but mainly on their right use. And it is the system that is a very important factor in any advertisement. Everything should be done consciously and intensely lead to one goal – to make the goods best known and most sought after. ... A systematic and to the very detail worked out and executed advertisement requires not only a lot of time but also extensive experience, knowledge and talent.... In the recent time people in our country seem to believe that only a purposeful advertisement, i.e. professionally thought out can lead to the goal but although the intention might be good, we lack directions and information."*<sup>14</sup>

The aforementioned views and opinions from 1906 to 1924 indicate the idea of the effectiveness of advertising – 'effectiveness, impact and profitability' had always been in the centre of attention of authors of the first publications on advertising. It is easy to understand as they think systemically and are clearly aware of the need for synergy of all tools developed in the course of the value building – factual and communication – process from the manufacturer to the consumer.

## Stage Two in the Czech Lands

Based on our knowledge of the historical connections of advertising thinking, we believe that the year 1927 was definitely the turning point in the process of perception of the formative role of advertising in many areas of the social life in the young Czechoslovakia. The theory and practice of advertising in the 3<sup>rd</sup> decade of the 20<sup>th</sup> century in the industrially more developed part of the world came up with already complex systems, with many findings about the essence of advertising, its effect and impact on the market spheres B2B and B2C; we could see advances in psychology and sociology in their application to the needs of advertising and measuring its effectiveness, emerging chains of department stores formulate new demands on sales organisation, interior design, window dressing, tactics, strategy and recommendations how to make business talks more efficient, and more extensive individual and public transportation giving new opportunities to communicate with the consumer. The initially dominant periodical press with its texts and simple visual advertising information gradually loses on its hegemony as the main carrier of advertising with the onset of new media – photography, film and television at the end of the 1930s – while the fair and exhibition world discovers new communication opportunities of engaging in a dialogue with the visitor, etc. The turning year 1927 is important for judging the overall development of Czech advertising primarily for two reasons:

- The Czechoslovak Advertising Club (in Czech Reklamní klub československý – Reklub) is founded and in years 1927-1949 it becomes a natural hegemon of developments in advertising theory and practice, actively entering into all areas and fields related to the use of advertising in the life of our society – legislation, dealings and negotiations with the administrative bodies determining the conditions for application of advertising in towns and cities, in retail networks, in outdoors, etc. The Club is the most important centre for further education and training of advertising professionals and for general education of the public regarding the functions, meaning and usefulness of advertising for consumers. It is the primary initiator of publishing original specialised literature and its members are major contributors to TYP, an illustrated magazine for modern business – as defined by its subtitle – published in the years of the existence of the Reklub – 1927-1949.
- The first – we can say fundamental – Czech monograph is published; it thoroughly and in great detail deals with advertising in its whole system complexity, with the use of the latest findings of psychology, sociology,

13 PAZOUREK, J.: *Ottův obchodní slovník*. Praha: J. Otto, Part II, 1924, p. 1103.

14 PAZOUREK, J.: *Ottův obchodní slovník*. Praha: J. Otto, Part II, 1924, p. 1110-1111.

economics and other sciences and places an essential emphasis on the measurement of effectiveness of advertising. Its author is the editor-in-chief of the magazine TYP – Dr. Jan Brabec. The person who forms the basic profiling of Czech advertising in the 1920s to the 1940s of the 20<sup>th</sup> century not only from his position as the editor-in-chief but mainly through his publication activity, from his official posts in the Reklub and also from his lecturing and organising activities. The quality of this publication and its fundamental contribution to standardisation in advertising is standing out especially in comparison of its profiling, professionalism and expertise in terminology, opening new views and describing the results of many sciences in application to the theory of commercial communication – advertising – with other publications of that time. Only later, the book written by V. A. Jarolímek<sup>15</sup> follows up on many thoughts of J. Brabec, develops and enriches them. There is no doubt that the contemporary literature understands J. Brabec as an authority on advertising; he is also the most prolific author of the 1920s and the 1930s in the 20<sup>th</sup> century in terms of magazine articles and columns as well as in terms of his other specialised publications, professional journalism and lectures delivered in the context of the Reklub's activities.

## Starting Points for Development of Advertising and Measurement of Its Effectiveness in the 1920s

The era of economic boom after the crisis in the years 1922-1923 had a positive effect not only on building the mechanical engineering and mining industry but also on enterprises of manufacturing industry making consumer industrial goods, food products, textile and clothing items, etc. So, until 1929 – the onset of a new economic crisis – the environment had been very favourable for further development of everyday advertising practice of manufactures, producers and merchants, as well as bodies of the state administration, companies active in travel and tourist industry, cultural institutions – i.e. for all who felt it was vitally important to actively and effectively communicate with the public while pursuing their commercial and non-commercial goals.

The author, whose book is standing out in the field of market research and finding causal relationships between the 'hard data' and the strategy for advertising activities, is Jan Brabec; his book is titled *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností* (in English *Principles of Profitable Commercial Advertising – On the Basis of American Studies and Experience*).<sup>16</sup> For the first time in the history of Czech advertising the author systematically and systemically explains the phenomenon of the modern culture – advertising – in the required wider socio-cultural and economic relations.

If we wanted to characterise the main idea of the book that is looking into advertising as a whole, as a dynamic phenomenon of the beginning of the 20<sup>th</sup> century, the most accurate description would be that J. Brabec was aiming to switch from assumptions and speculations about what effective advertising was, to a clear, scientifically backed theory; from amateurism to the professional performance. From a perfunctory evaluation to an actual analysis of the market, analysis of the product, analysis of the consumer and analysis of distribution channels and sales organisations.

The author wrote it after his study stay in the USA and it is evident that he – very skilfully – made good use of everything he had seen, participated in and learned about. What we find important is that J. Brabec, while looking at our situation and confronting it with the American reality, even more strongly than his predecessors, points out that modern economics and management do not lie just in manufacturing and production but also in circulation, (distribution) and consumption. But these two fields – circulation and consumption – were lagging behind in development and only now catching up with the dynamism of manufacturing processes. The book is focused primarily on the questions of creation and execution of advertising and the parts important in terms of the topic of our study, i.e. the effectiveness of advertising can be found in the first part, which analyses

15 JAROLÍMEK, V. A.: *Písemný kurs reklamy a propagandy*. Praha: Jarolímek, V. A., 1931, p. 416.

16 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 5.

the starting points for successful advertising activity and thus pays attention to the market analysis as a necessary condition for effective planning and carrying out any advertising activity. J. Brabec describes this situation in the following words: *“Before the merchant comes to carrying out an advertising activity, he should have a certain plan what he wants to do and how he wants to do it. The plan is not possible without the knowledge and awareness of facts.”*<sup>17</sup>

At first it is necessary to find these facts through *“a preliminary examination of the market”* that J. Brabec divides into 5 stages; only on their basis can the advertiser decide on the financial sum needed to carry out an effective advertising campaign that would lead to fulfilling the planned objectives and goals. He defined the five stages as follows:

1. Examination of the goods,
2. Examination of their purchasers,
3. Examination of competition,
4. Examination of sales systems,
5. Examination of the ways of selling and of sales organisation.

## 1) Examination of the Goods

Jan Brabec’s thoughts are built upon the basic relationship between demand and need and so the entire examination of goods is oriented towards finding out the needs of the public and comparing these needs with the market product offer. He gives examples resulting from a questionnaire survey conducted in the USA on the possibilities of practical application of a product: the housekeepers asked in the survey mentioned 706 possible ways of using the cleaning powder *most of which the company had not had any idea about before*. He points out that in this analysis it is necessary to take into consideration the context of consumption of that type of goods – documenting it on an example of the offer for an electrical iron the sale of which is influenced not only by the price of the product but also on the level of electrification, income group and/or lifestyle. Brabec draws attention to the importance of price and to the advertising function of packaging. He also places an emphasis on the *analysis of the goods from the aspect of the consumer* the aim of which is – in the fight with competition – *to try and sort it out with his goods in terms of performance as well as taste, meeting the need or needs of consumers the product is aimed for in the best way possible*. Brabec’s accent on understanding the essence of advertising communications is also very important: *“Through the advertisement to turn their attention to the need. This will teach them to feel it very vividly. Then show them how exactly this product of his is extremely right for them, how resolves it in a really unique way. Not the product alone but what the product does, it is decisive to show what the product can be used for and how it is used, and so attention has to be turned to it.”*<sup>18</sup>

*“When the merchant examined the goods through the indicated method, their price and packaging, it is an easy matter to make a list of reasons to buy; i.e. to define why consumers should buy his goods. And then, through the advertising, would present them to promising purchasers.”*<sup>19</sup>

## 2) Examination of the Purchasers of Goods

In today’s language, we would say: Consumer analysis. *“Examination of goods gives the merchant a certain idea about where to find the market. To be able to define the entire potential market ... you need some unit taken as a basis. It can be an individual, a family or various units of economic activity like agricultural farms and businesses, shops on a large scale or shops on a small scale, factories and so on. It all depends on the type of goods. Then you need to find out how many goods on average could be purchased by one unit over a certain*

17 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 73.  
 18 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 79-80.  
 19 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 83.

*time period.”*<sup>20</sup> The author describes a strategy to win the market which lies in a step-by-step commercial territorial takeover of the potential market; he suggests this potential market should be divided into smaller units to be addressed and won one by one. It is necessary to take into consideration the purchasing power of that territory, consumer habits and patterns, structure of the retail network, lifestyle habits, etc.

He introduces the concept of a *general examination of the purchasers of goods* by which he means to study the target consumer public *as people, individuals and as purchasers, shoppers*. The study of the economic status of shoppers is aiming to understand on what their own welfare depends – in current language – the standard of living. He explains how the function of luxury goods changes into essential goods and emphasises that *education and opinions of people are often more important than the purely economic status* – i.e. more important than the current living standard. The study of shoppers as individuals is in the interpretation of J. Brabec a very important, necessary condition for any effective advertising: *“First of all, we need to know the ways of their thinking and speaking. The advertisement – if they are to easily understand it, and every advertisement that is difficult to understand, is bad – has to speak in their language, which does not mean the advertisement should use foul language.”*<sup>21</sup> He means the proper use of language, words and expressions following the rules of grammar in the way the consumers understand and are familiar with. *“We should also study how the promising purchasers live, how often they move house, what are their customs at home and social patterns and, mainly, what is their life opinion, in which it is the religion and its warmth that play a big role. Are they thrifty? What do they read? What are their health standards, how do they live and what is their opinion on the world around, especially, of business? Are they of independent character or do they have a cattle mentality? Do at least some of them travel and where? Do they make an effort to better their life or is life for them only the valley of tears, etc.? ... Are these shoppers experts or laymen? ... Is the purchase a matter of habit or made only rarely or under special circumstances? ... Does the purchaser doing the shopping distinguish the goods by their name, trademark or not? ... Who influences the purchase and who decides about it?”*<sup>22</sup>

## 3) Examination of Competition

When we realise that we are interpreting a text published 89 years ago, we just have to appreciate the erudition of the author and his aim to comprehensibly evaluate all aspects that are now to be addressed by a complex marketing information system. J. Brabec in his book pays attention to the research on competition from more points of view that characterise individual ways of competition: the competition of goods, of factories, of prices and of quality. In today’s language we call it competitive intelligence.

**Competition of goods** – naturally, it applies only when there are more types of goods available on the market that meet an identical or similar need for the end user. These competing goods are examined, e.g. in terms of the intensity of the consumer’s relationship to that product, the intensity of consumer conservatism, the comparison of the costs while purchasing a new product, of the costs to change current opinions and habits of consumers or rather to find out how to make this change.

**Competition of factories** – aiming to find out the position and strength of manufacturers and producers: it is necessary to be aware of the names of all manufacturing competitors, how much each of them produced, for how much they sell, what is their manufacturing capacity, their position in the market and market share, where and how are they established in the market. Where (geographically) their main points of sale are located, what about the main characteristics of the sales system, technology of production and of sale? What are their production and selling costs, key competitive advantages of their products? He recommends identifying and examining the strong points of their way of selling and last but not least asking questions like how many goods their consumers purchase at one time and whether the competitors manufacture and sell products under the trademark.

20 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 85.  
 21 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 89.  
 22 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 89-90.

**Competition of prices** – it is concentrated on the inquiry on prices and selling conditions, on their history and price development projection towards the future; it needs to analyse what influenced the prices in the past and what significance this price has for the purchaser at present.

**Competition of quality** – it is required to examine the parameters related to the market analysis in terms of the technical characteristics of goods, fulfilling of utility functions in that price category, appearance of products, methods and sizes of packaging, easy to store, convenience of consumption, etc. Reading the book written by Jan Brabec can often surprise us in his marketing approach to assessing, for example, the possibilities of a well-spread product the parameters of which can play a great role in the final decision-making of the consumer in the choice between competitors: it is desirable to find relevant answers to the question what, for example, is the manufacturer giving as a bonus to the goods? In other words what extras, or value-added, the seller provides: e.g. installation of the product, its servicing and repairs, training to use it, rewards, coupons, professional training, home delivery, etc.

#### 4) Examination of Sales Systems

According to the author, every company, entrepreneur or businessperson needs a sales system. The decision on the choice of the sales system should take into consideration three key factors:

- Nature of the goods,
- Aspect of the purchase – in other words, consumer convenience at purchasing,
- Aspect of the cost – for the consumer the purchase should take place as easily and conveniently as possible.

This list is very similar to the 4 C's model of marketing. Assessing the link between advertising and sales systems, J. Brabec comes up with two variants:

- Where advertising helps to sell and the presence of the staff is needed to finalise the sale: it is, for example, the case when manufacturers sell to independent agents. *“Advertising in this case – as it is about the purchases of professionals – is limited to direct advertising, or, in the export sales they use export magazines.”*<sup>23</sup> Another variant is when manufacturers sell to wholesalers. Advertising is applied here similarly to direct advertising – we would say through direct marketing. The third form is the relationship between manufacturers and retailers. And, finally, it can be the direct relationship between manufacturers and consumers in the form of B2B or B2C.
- The other variant is the form of direct selling, *postal order sale*.

J. Brabec urges manufacturers and merchants not to forget about cooperation of individual sales systems with advertising activities.

#### 5) Examination of the Ways of Selling and of the Sales Organisation

This is the work of sales representatives: J. Brabec describes two key principles of the organisation structure of sales channels for which it is most important to work in cooperation under consistent management and on the basis of clearly defined territories and unambiguously set-out rules. Advertising plays its role here as a soil cultivator, the environment prepared by advertising then accepts the product/s or service/s marketed by the advertiser; or, advertising is involved only after the visit paid by the sales representative and helps create demand, or, it could be a combination of the two approaches.

And only after the tasks in all five stages of market research have been carried out and the needed qualitative and quantitative information gathered, can we consider the advertising budget: *“When the merchant examined the market, decided his sales and advertising plan, chose the best sales system and ways of selling and*

23 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 97.

*built his sales organisation, it would be theoretically easy to determine how much to spend on advertising.”*<sup>24</sup> However, J. Brabec underlines that it is not that easy as many pieces of information enter the decision-making process and some of them are only just approximate, estimated and one should always reckon with competition, dynamics of the markets, external effects, and so on. The author defines two methods to determine costs of advertising:

- Percentage system,
- Budget system.

J. Brabec describes the pros and cons of both systems for differently demanding types of advertising communication, their suitability for different distribution systems, territories, types of products, etc. He points out that *“the effects of advertising in individual separate units need to be constantly compared.”*<sup>25</sup> In other words – every business should monitor the effectiveness and compare costs and effects. J. Brabec has constantly and systematically returned to the topic of the profitability (effectiveness) of advertising in all his journalistic activities for several tens of years and paid attention to it as the editor-in-chief of the magazine TYP where, for example, in the tenth issue of the first volume he published an interesting article titled How to Measure the Profitability of Advertising: *“Theory is simply and plainly in advertising and in anything else nothing else but the principles, rules what to do and what not. ... Advertising has one big measure for accuracy of its theories and practice. It is money – the profitability of advertising. ... Our Czechoslovak advertising as a whole is not much effective as we can see in the small number of advertisements and how slowly they increase in number. Those to be blamed for it are not only the ones creating advertisements but also the merchants themselves, who, although never having studied advertising – they feel practice will suffice, why to bother with theory – are full of personal interests and prejudices, full of the – genuine grey purely only their own and not justified by anything – theories. The advertisement is then created not to have success but to appeal to those who placed the order for it. There is one way to put it right. Let money talk in business, and in advertising as such try to create the rules based on objective facts generally known, and scientifically check out various means of advertising before their use.”*<sup>26</sup> J. Brabec thus brings another new method to the Czech theory – pre-tests of advertising tools.

## Conclusions

It is hardly possible nowadays to guess to what extent the thoughts of J. Brabec published in his book *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností* (The Principles of Profitable Commercial Advertising – On the Basis of American Studies and Experience) inspired his colleagues, members and non-members of the Reklub or to what extent the necessity to properly analyse the market as a condition for the effectiveness of advertising was really the generally pressing imperative for further development of Czechoslovak advertising or even the *condicio sine qua non*.

Starting with the year 1927 we can see a very dynamic progress associated with various authors' creative activity in the original Czech advertising literature which in the years 1927-1948 dealt with a variety of questions, above all, related to consumer advertising (Solar, Munk, Sutnar, Jarolímek, Munk, Chodounský, Frankl, Patera, Henrych, Matějček; later, Häckl and many others). We are sure we could also follow the influence of foreign advertising theorists on the Czech professional milieu but are also afraid our thoughts would not have much credibility because in the Czech literature of that time we can find only very sporadic mentions about these authors and their books but a noticeable influence on the Czech advertising theory cannot be denied. This applies to various contemporary activities and also to the frequently quoted C. C. Hopkins<sup>27</sup> and his book *My Life in Advertising* published in the USA in 1923 and for the first time in our country by the company TISK

24 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 108.

25 BRABEC, J.: *Zásady výnosné obchodní reklamy – na základě amerických studií a zkušeností*. Praha: SFINX, 1927, p. 111.

26 BRABEC, J.: Jak měřit výnosnost reklamy. In *TYP*, 1927, Vol. 1, No. 10, p. 462.

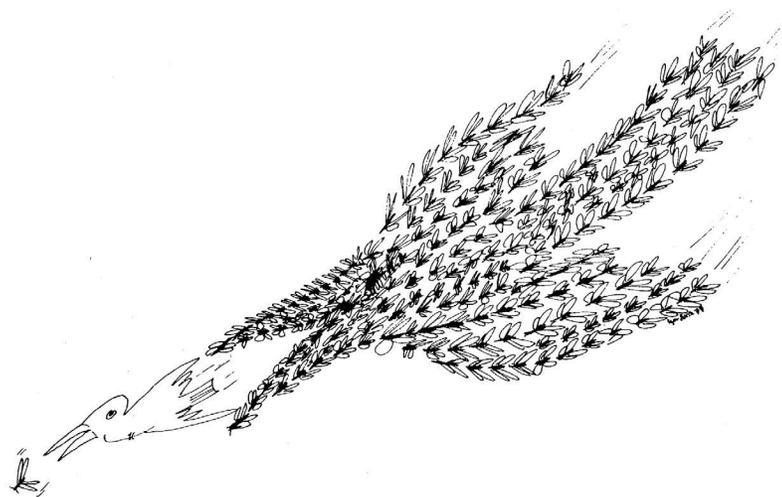
27 HOPKINS, C. C.: *Můj život v reklamě & Reklama jako věda*. Pardubice: Filip Trend Publishing, 2003, p. 8.

(in English PRINT) in Zlín only 14 years later, in 1937.<sup>28</sup> It is a popularising book, an author's confession of a man who made it from the position of a merchant to his own advertising agency. Only his second book – Scientific Advertising – bears comparison with a professional text and we can only pay tribute to how C.C. Hopkins understands the scientific framework of the advertising profession, its communication specificity, application of many social sciences and humanities to the process of effective commercial communication and measurement of its effectiveness.

There is no doubt that the most important author having opened that topic in the Czech professional advertising community is Jan Brabec. We can give him most credit for the fact that the Czech advertising in the post-war period had a chance to follow up on the well and solidly laid foundations for the modern theory of advertising and market research.

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28 HOPKINS, C. C.: *Jak jsem dělal reklamu*. Zlín : TISK, 1937, p. 216.

