

# The Background of the Birth of AIDA



Heihachiro Yamaguchi<sup>1</sup> , Masayuki Ida<sup>2</sup>

1) Doctor Course student,

2) Professor,

Graduate School of International Management,  
Aoyama Gakuin University, Tokyo, Japan



September 6, 2013

International Conference on Enterprise Challenges  
: Improving SMEs' Competitiveness, Hanoi, Vietnam

# Outline

---

- Go back to the Industrial Revolution
- The Birth of Marketing
- The Birth of Purchase process model “AIDA”
- The Viewpoint from Supply side or Demand side
- Conclusion

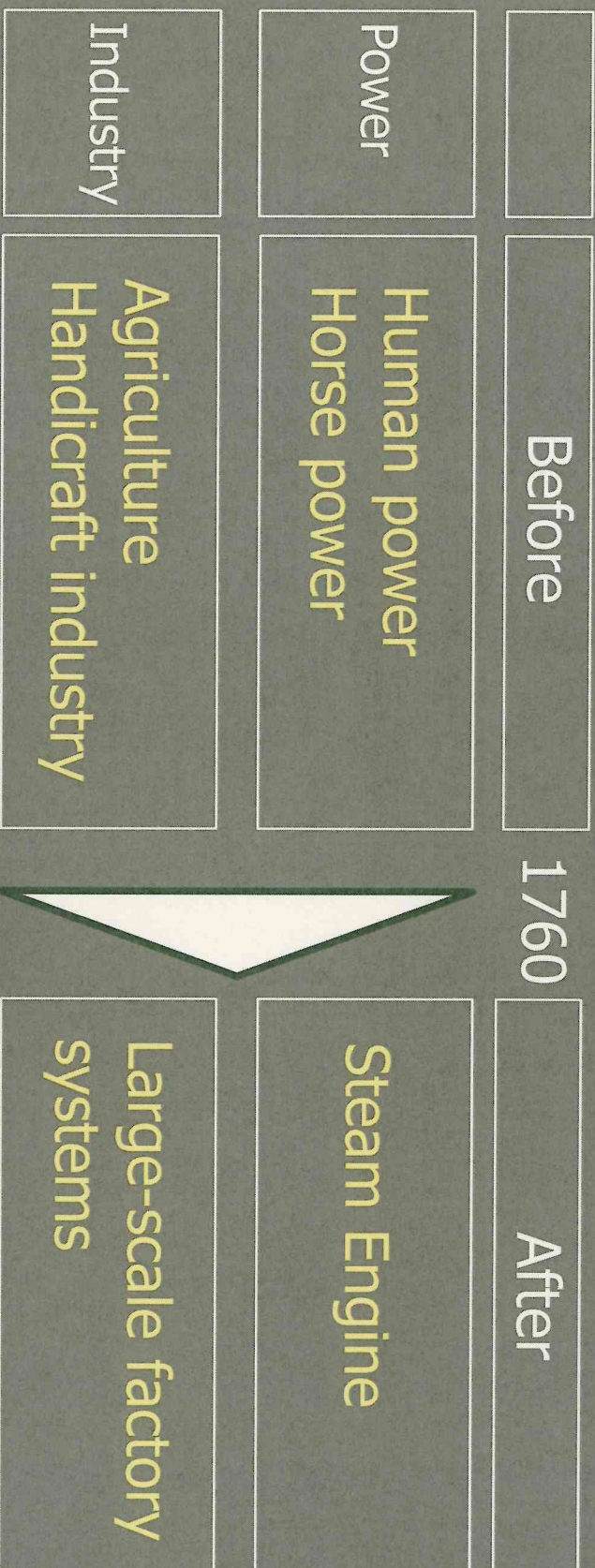
# Outline

- Go back to the Industrial Revolution
  - Realization of Economies of Scale
  - Increase of purchasing power
  - Balance of supply and demand
  - Production strategy to sales strategy
- The Birth of Marketing
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion

# Go back to the Industrial Revolution

## What is the Industrial Revolution ?

- First Industrial Revolution in the world was in Britain.
- It refers to the development of the economy from the technical development during 1760-1830.

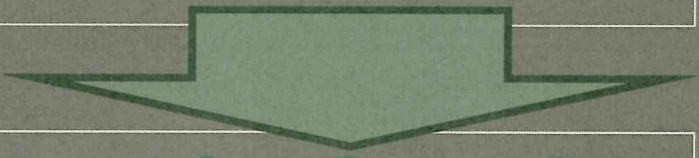


Go back to the Industrial Revolution

## What changed by technical development ?

By Steam Engine

- Large-scale factory systems
  - Railway
  - Printing press
- (Department store)

- 
- Worker population increased
  - Expansion of market area
  - Expansion of information
- (Expansion of ability to attract customers)

Development of the economy

# Outline

- Go back to the Industrial Revolution
  - **Realization of Economies of Scale**
  - Increase of purchasing power
  - Balance of supply and demand
  - Production strategy to sales strategy
- The Birth of Marketing
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion

Go back to the Industrial Revolution in the U.S. Mid-19th century  
- Realization of Economies of Scale

What is Economies of scale ?

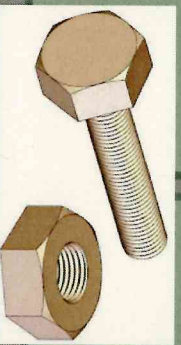
: Economy of decreasing costs  
by efficiency of increasing production volume.

(Ministry of Economy, Trade and Industry, 2003)

American Industrial Revolution = Mass Production

Large-scale

Compatibility  
of parts



Assembly method



Standardization  
of work

Go back to the Industrial Revolution in the U.S.  
- Realization of Economies of Scale

## What products of American Industrial Revolution ?

### Example 1

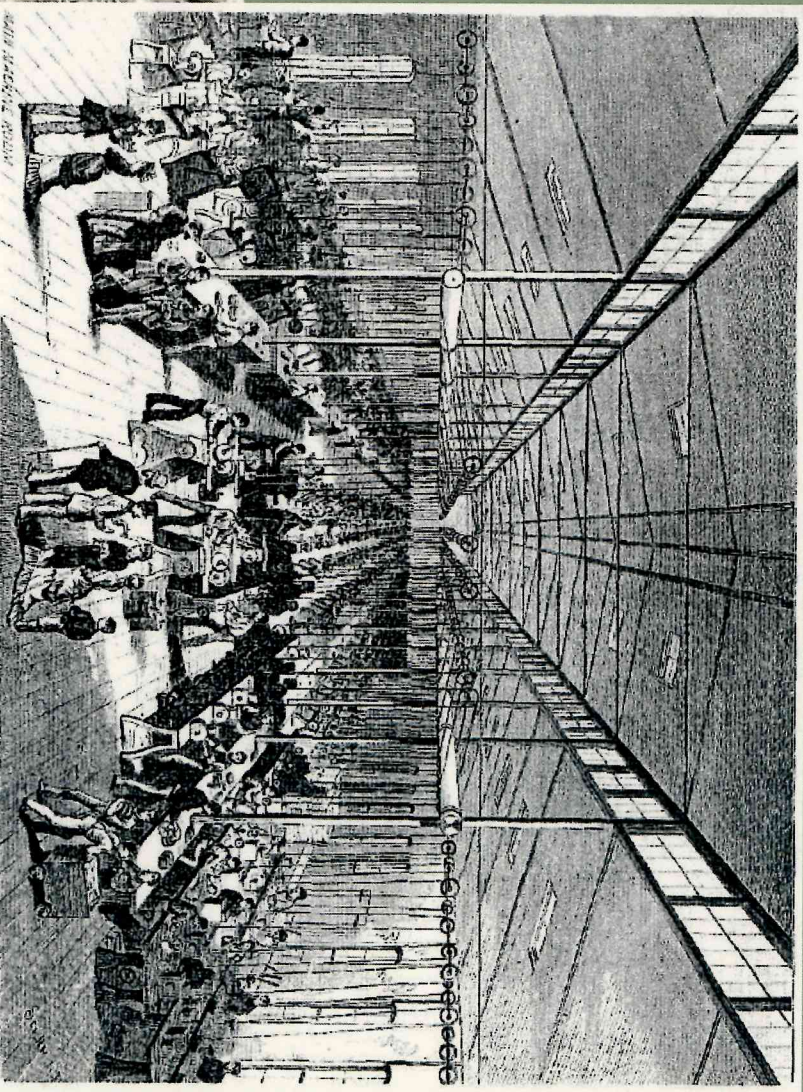
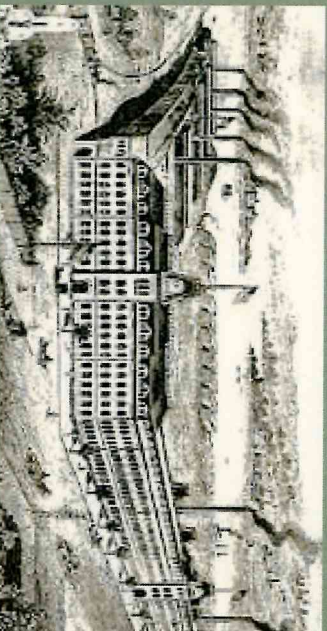
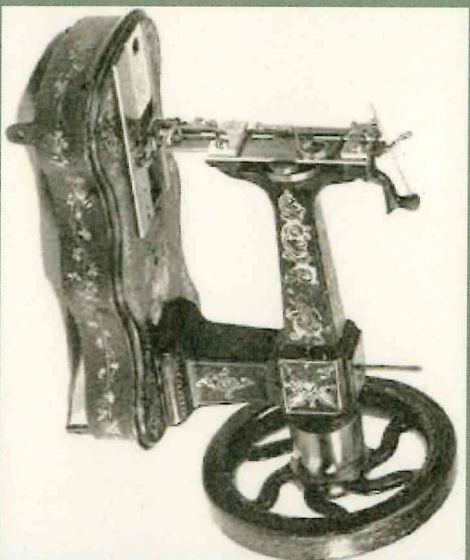


FIGURE 2.1 Machine Shop, Wheeler and Wilson Manufacturing Company, 1879. (Scientific American, May 3, 1879. Eleutherian Mills Historical Library.)



Go back to the Industrial Revolution in the U.S.  
- Realization of Economies of Scale

## What products of American Industrial Revolution ?

### Example 2 Car production by Ford

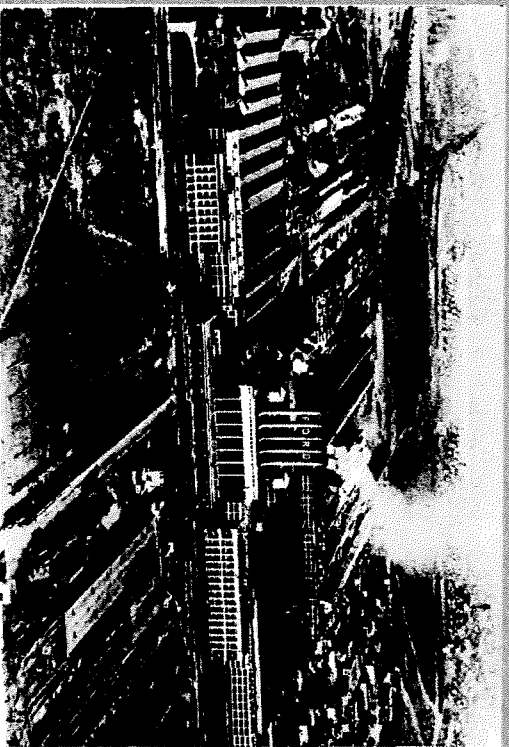


Figure 6.5. Highland Park Factory, 1923. This aerial photograph was taken at the peak of Highland Park's production. The 8,000-horsepower power plant is in the center of the photograph and the sawtoothed roof of the machining area is visible at the left. This area was connected by a glass-enclosed crane way to a four-story building 865 feet long and 75 feet wide. (Henry Ford Museum, The Edison Institute. Neg. No. 833-34974.)



Figure 6.2. Stutz Assembly, Model N, Ford Motor Company Piquette Avenue Factory, 1906. The cramped condition of the Piquette Avenue factory would soon lead Henry Ford to expand the plant in 1907 and build the Highland Park plant, which opened in 1910. (Henry Ford Museum, The Edison Institute. Neg. No. 833-37306.)

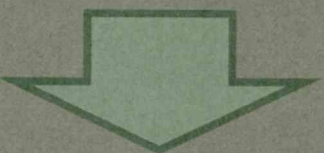
# Outline

- Go back to the Industrial Revolution
  - Realization of Economies of Scale
  - Increase of purchasing power
  - Balance of supply and demand
  - Production strategy to sales strategy
- The Birth of Marketing
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion

Go back to the Industrial Revolution in the U.S.

- Increase of purchasing power

- Large-scale  
factory system



- Population Increased  
in urban areas  
from Farmers  
from Immigrants  
- Wage Increased

	1860's	1910's
Population	31million	92million
Wages	\$216	\$500

3 times

2 times

Go back to the Industrial Revolution in the U.S.  
 - Increase of purchasing power

<Population>

Year	Total population	Number of immigrants
1850	23,191,876	1,713,251
1860	<u>31,443,321</u>	<u>2,598,214</u>
1870	38,558,371	2,314,824
1880	50,155,783	2,812,191
1890	62,947,714	5,246,613
1900	75,994,575	3,687,564
1910	<u>91,972,266</u>	<u>8,795,386</u>
1920	105,710,620	5,735,811

(Source) U.S.D.C.(1949) Bureau of the Census. *Historical Statistics of the United States*, 1789-1945, making

<Wages>

Year	national income per capita (\$)
1869-1878	<u>216</u>
1874-1883	281
1879-1888	326
1884-1893	343
1889-1898	358
1894-1903	406
1899-1908	461
1904-1913	<u>500</u>
1909-1918	515

(Source) Robertson, R.M.(1973) *History of the American Economy*, 3<sup>rd</sup> ed., making

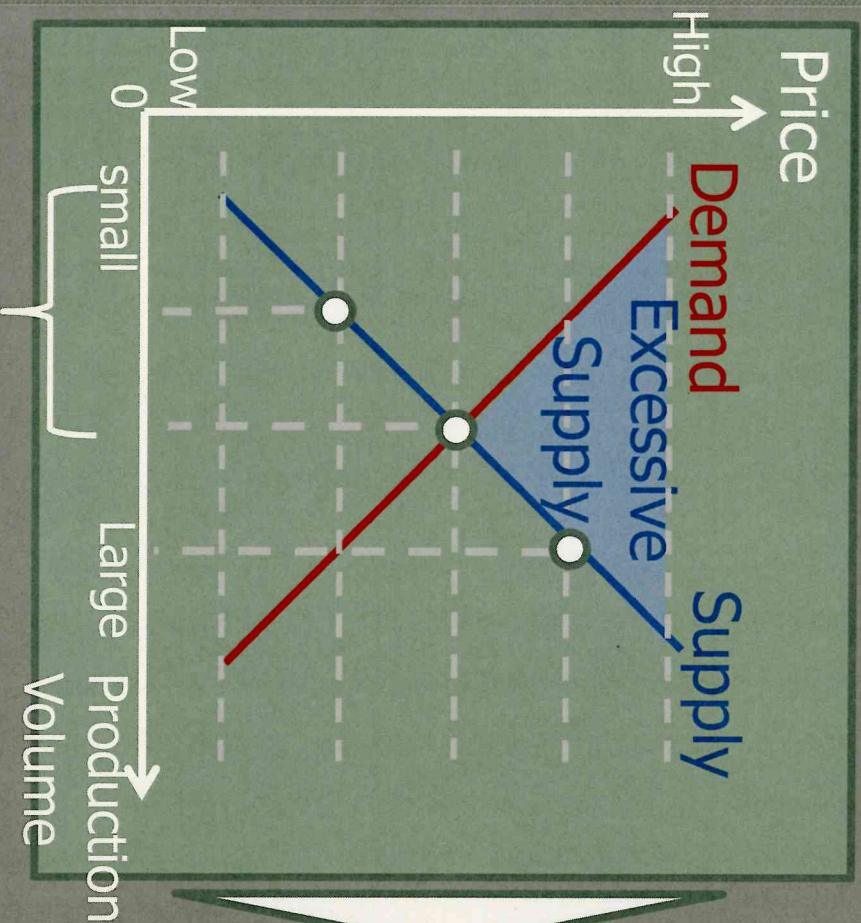
# Outline

---

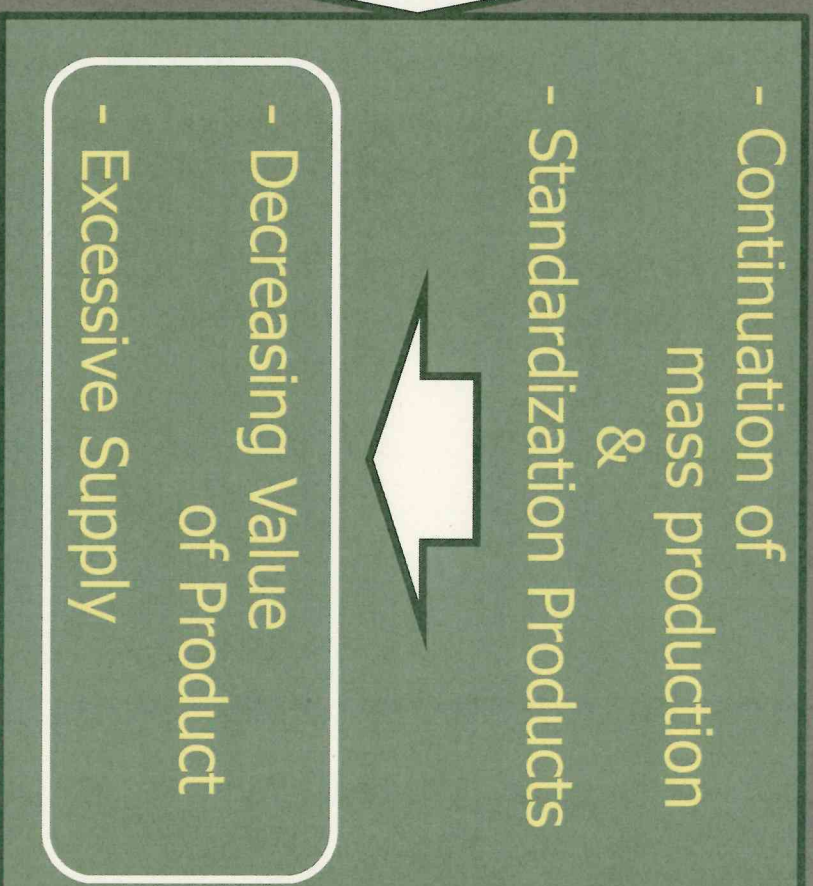
- Go back to the Industrial Revolution
  - Realization of Economies of Scale
  - Increase of purchasing power
  - **Balance of supply and demand**
  - **Production strategy to sales strategy**
- The Birth of Marketing
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion

- Go back to the Industrial Revolution in the U.S.
- Balance of supply and demand

< In general >



< Continuing of Mass Production >



Go back to the Industrial Revolution in the U.S.  
- Balance of supply and demand

## Problem

- Decreasing Value of Product
- Excessive Supply



## Solution

- Diverse product
- Effective sales method

Go back to the Industrial Revolution in the U.S.  
- Balance of supply and demand

## Solution : Standard vs Variety

<Ford Strategy>

- Standardization Products
- Cheap Product



<General Motors Strategy>

- Full line of Cars
- Full line of Prices
- Strengthening Sales

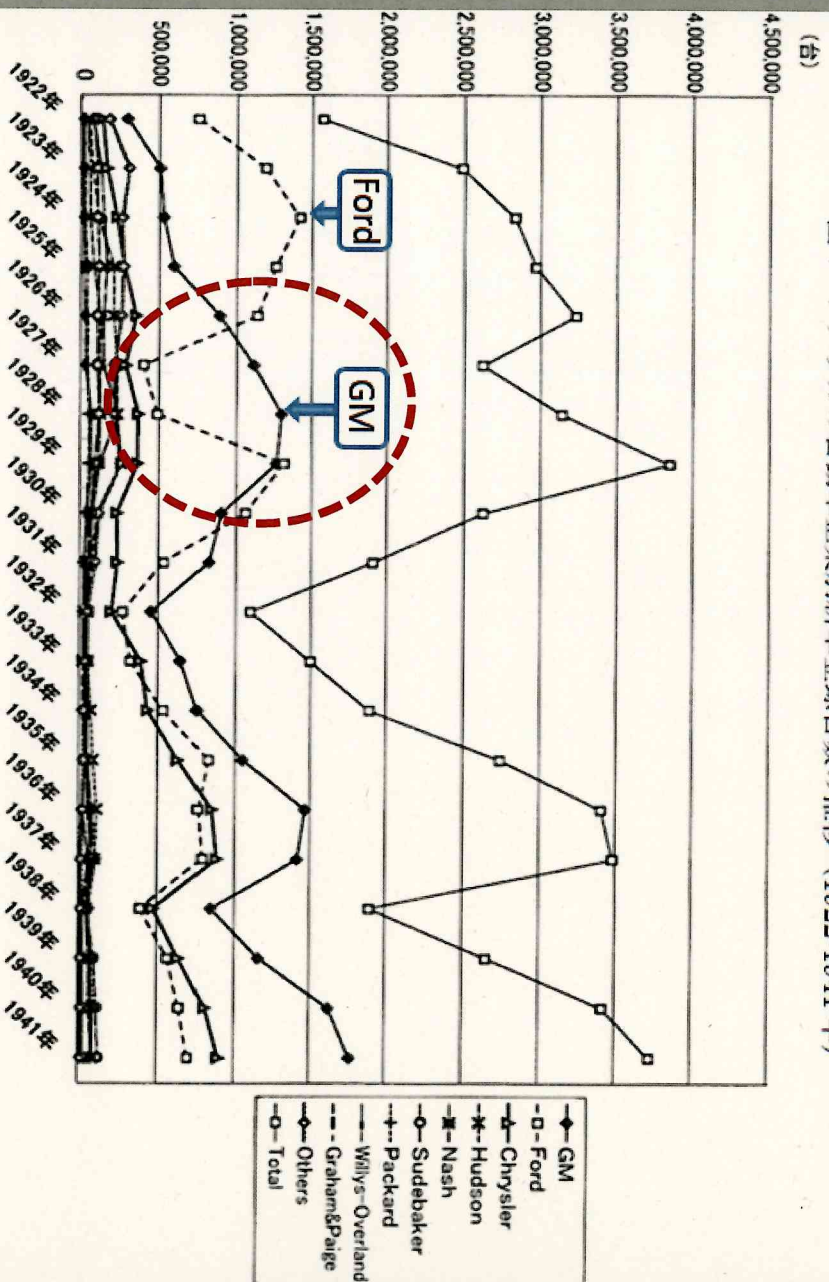


Go back to the Industrial Revolution in the U.S.  
 - Balance of supply and demand

# Result : Standard(Ford) < Variety(GM)

立命館経営学 (第 44 巻第 4 号)

図 1 アメリカの自動車企業別新車登録台数の推移 (1922-1941 年)



出所) アメリカ自動車産業における寡占の成立過程『興業調査月報』(1969年3月) 36-37ページより作成

# Outline

- Go back to the Industrial Revolution
  - Realization of Economies of Scale
  - Increase of purchasing power
  - Balance of supply and demand
  - **Production strategy to sales strategy**
- The Birth of Marketing
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion

Go back to the Industrial Revolution in the U.S.

- Production strategy to Sales strategy

### <Ford Strategy>

- Standardization
- Cheap Product



If you make a product cheap , so can sell it.

- Production Strategy
- Economies of scale

### <General Motors Strategy>

- Full line of Cars
- Full line of Prices
- Strengthening Sales



How to sell for consumers to product.

- Sales Strategy
- Marketing
- Purchasing Process
- Model

# Outline

---

- Go back to the Industrial Revolution
- The Birth of Marketing
  - Advertising
  - Direct sales personnel
  - Distribution function
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion

# The Birth of Marketing

How to sell products to consumers  
across the continent?



Advertising

Direct sales personnel

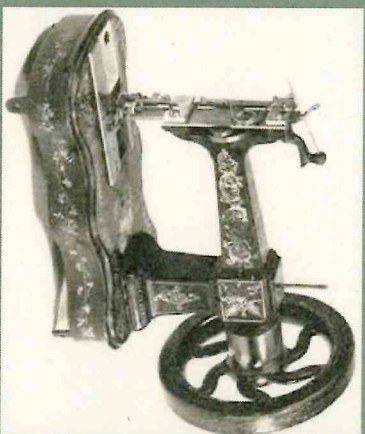
Distribution function

# The Birth of Marketing -Advertising

## Newspapers

-23,000 prints  
per day

-delivering by rail



## 1857's The SINGER'S Advertisement

Sewing Machines



### SEWING MACHINES.

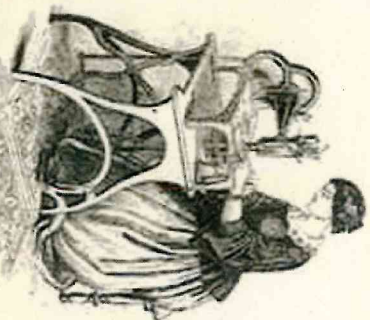
These Machines have an established reputation all over the civilized world. Some of the most successful and extensive enterprises for general purposes, are our factories. — Some of our most successful and extensive enterprises, are our factories. — Some of our most successful and extensive enterprises, are our factories. —

#### ONE THOUSAND DOLLARS A YEAR.

46. They are superior to their competitors in general work. With the same machine, they will do more work in the same time, and with less trouble, than any other machine. — They are superior to their competitors in general work. With the same machine, they will do more work in the same time, and with less trouble, than any other machine. —

[出所] David Bigelow (1857) *History of Prominent Merchants and Manufacturing Firms on the United States*. (Eleanor Miller Historical Library—Hagley Museum and Library).

J. W. SINGER & CO.



PRINCIPAL OFFICE, 469 BROADWAY,  
NEW YORK.

BRANCH OFFICES:  
 117 Chestnut Street, Philadelphia.  
 67 Howard Street, Boston.  
 139 Baltimore Street, Baltimore.  
 674 Broad Street, Newark.  
 79 Chest Street, Chicago.  
 81 West Main Street, Providence.  
 809 Broadway, Albany.

# The Birth of Marketing

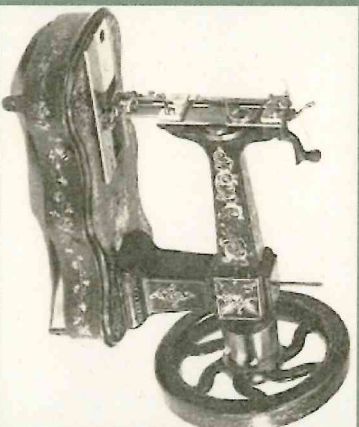
-Direct sales personnel

Sales person

-Sales Rules

-Sales Manual

-Sales training



-Sales person must understand a thorough of this provision.  
 -Sales person must achieve missions of sales number.  
 -Sales person must be enthusiastic and gentleman... etc

**THE SINGER MANUFACTURING COMPANY'S**  
 NEW YORK CITY, BROOKLYN AND JERSEY CITY

**General Rules and Regulations for Salesmen--Canvassing and Collecting**  
 SUPPLEMENTING ALL FORMER RULES FROM DATE HEREOF

<p><b>General Provisions</b></p> <p>1. The person who signs these rules and regulations is hereby authorized to make any change or addition to them, and to cancel or suspend them at any time, and to make any rule or regulation which may be necessary for the proper management of the business, and to make any rule or regulation which may be necessary for the proper management of the business, and to make any rule or regulation which may be necessary for the proper management of the business.</p>	<p>2. The person who signs these rules and regulations is hereby authorized to make any change or addition to them, and to cancel or suspend them at any time, and to make any rule or regulation which may be necessary for the proper management of the business, and to make any rule or regulation which may be necessary for the proper management of the business, and to make any rule or regulation which may be necessary for the proper management of the business.</p>
--	---

**Collection, Canvassing and Advertising**

10. The person who signs these rules and regulations is hereby authorized to make any change or addition to them, and to cancel or suspend them at any time, and to make any rule or regulation which may be necessary for the proper management of the business, and to make any rule or regulation which may be necessary for the proper management of the business, and to make any rule or regulation which may be necessary for the proper management of the business.

[出所] Singer Co. Records, Box No.186 (The States Historical Society of Wisconsin - SHSW).

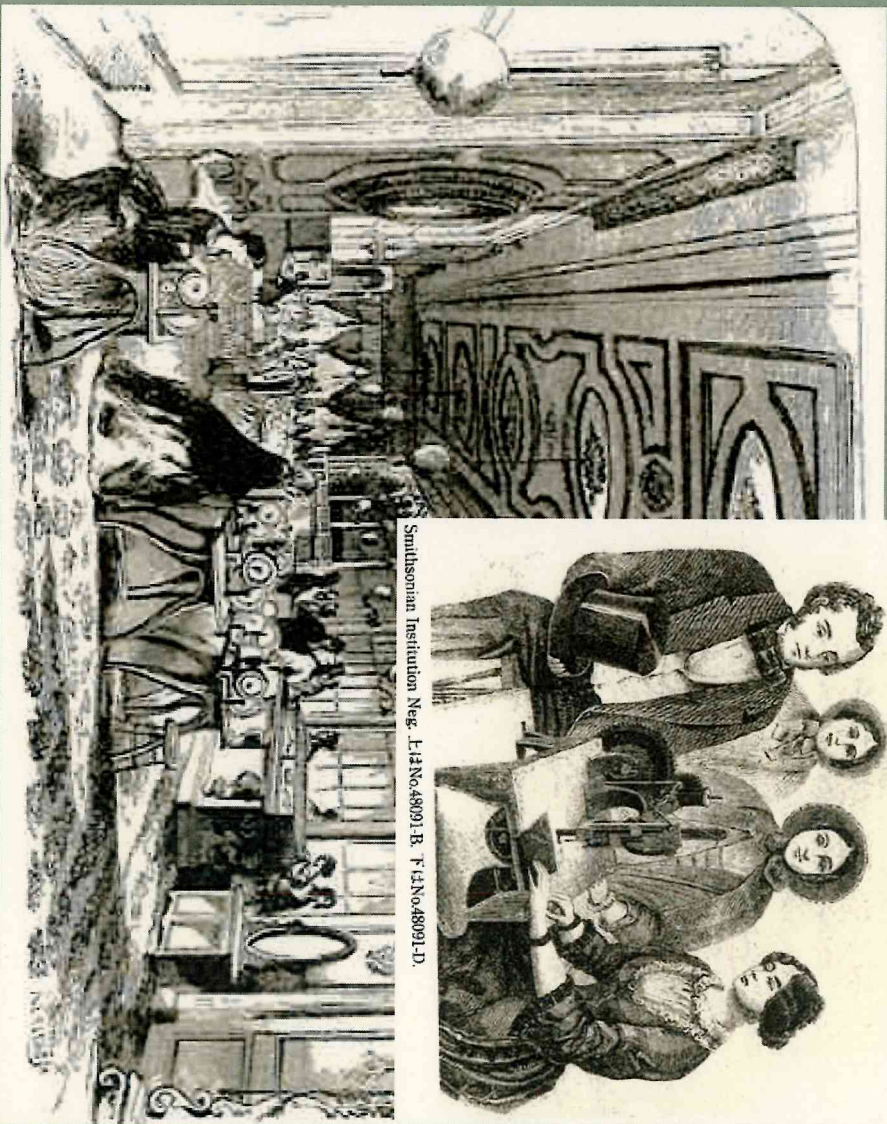
# The Birth of Marketing

## -Distribution function

- Show Room
- Wholesale
- Retail
- Department store



## The SINGER'S Show Room



Smithsonian Institution Neg. L-14No.48091.B. F. (4No.48091.D)



# -The Birth of *Marketing*

## Producer

### Advertising

- Newspapers
- 23,000 prints  
per day
- delivering by rail

### Direct Sales personnel

- Sales person
- Sales Rules
- Sales Manual
- Sales training

### Distribution function

- Show Room
- Wholesale
- Retail
- Department  
store

Expand to consumers across the United States

# Outline

- ◉ Go back to the Industrial Revolution
- ◉ The Birth of Marketing
- ◉ The Birth of Purchase process model "AIDA"
  - What is AIDA?
  - Why was AIDA born ?
- ◉ The Viewpoint from Supply side or Demand side
- ◉ Conclusion

# The Birth of Purchase process model

## What is AIDA?

- The process of psychological transition consumers ranging from buying.

A



I



D



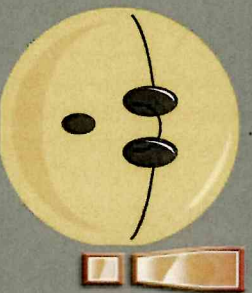
A

Attention

Interest

Desire

Action  
(Purchase)



## The Birth of Purchase process model

### Why was AIDA born ?

- Continuation of mass production
- Standardization Products
- Decreasing Value of Product
- Excessive Supply
- What consumer wants ?
- How consumer buy ?

The Birth of Purchase process model "AIDA"

# Outline

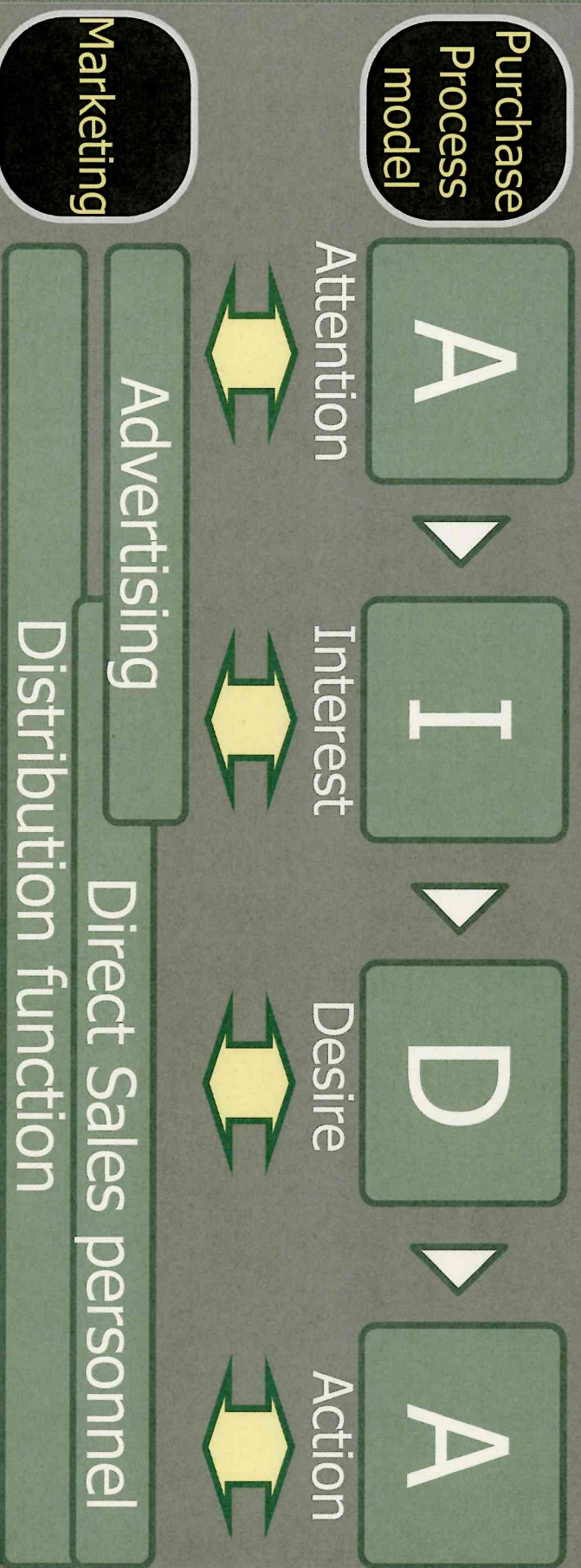
---

- Go back to the Industrial Revolution
- The Birth of Marketing
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion

The Viewpoint from Supply side or Demand side

The Effective sales method:

"Matching of demand side and supply side"  
by marketing & purchase process model



# Outline

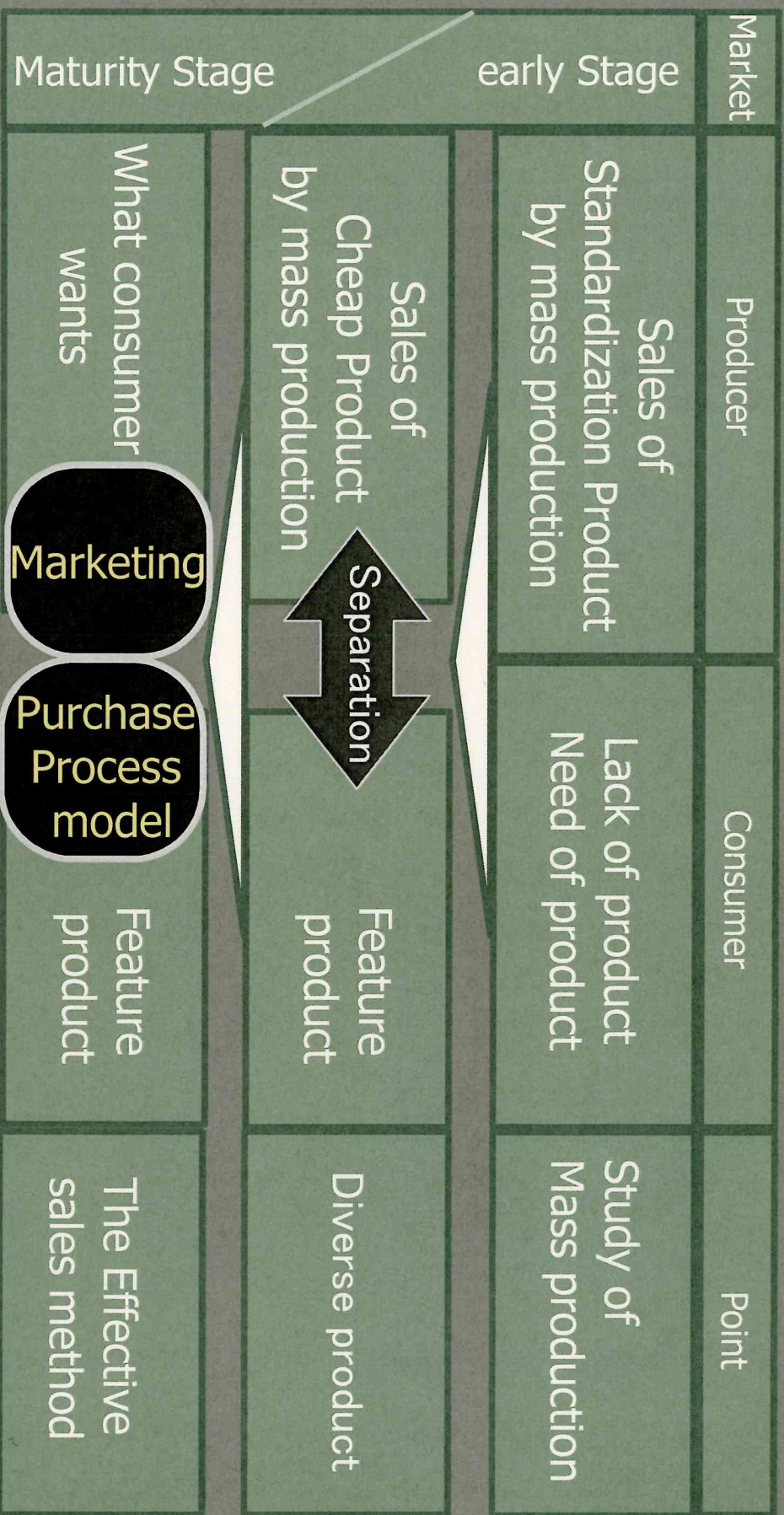
---

- Go back to the Industrial Revolution
- The Birth of Marketing
- The Birth of Purchase process model "AIDA"
- The Viewpoint from Supply side or Demand side
- Conclusion
  - The Background of the Birth of AIDA

## Conclusion

- The Background of the Birth of AIDA

"Matching of demand side and supply side"  
by marketing & purchase process model.





## Conclusion

### - The Background of the Birth of AIDA

- One of the important elements of commerce is how supply side understand demand side.
- To have effective sales methods, it is important to connect demand side and supply side.
- We can find the effective sales method by going back on the first Industrial Revolution.
- “matching of demand side and supply side”  
by marketing & purchase process model
- Also true in retail over the Internet today.

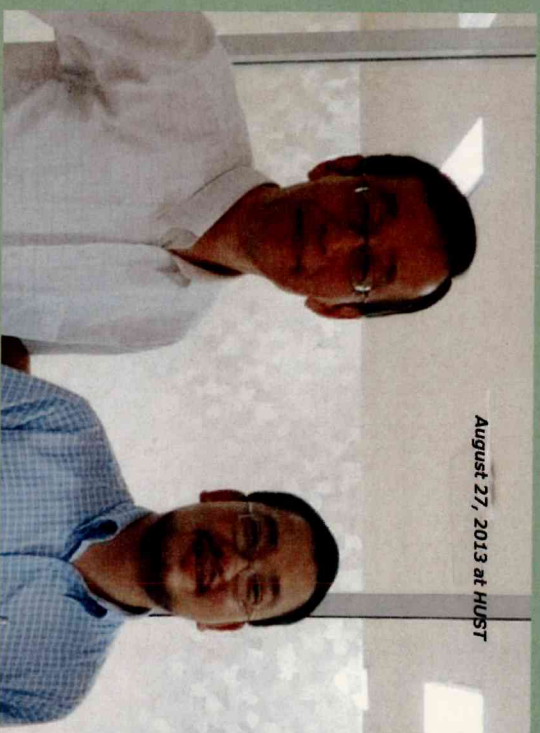
# Thank you

Heihachiro Yamaguchi  
Doctor Course student



Contact :  
[heihachi@orange.ocn.ne.jp](mailto:heihachi@orange.ocn.ne.jp)

Masayuki Ida  
Professor



Contact :  
[m-ida@cc.aoyama.ac.jp](mailto:m-ida@cc.aoyama.ac.jp)