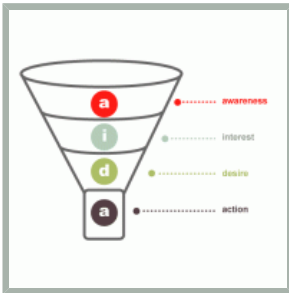


AIDA sales funnel



characteristics

| | |
|---------------|--------------------------------------|
| author: | St. Elmo Lewis, Elias |
| country: | United States |
| period: | 1898 |
| type: | model |
| role: | consultant and manager |
| activity: | analyse, plan, implement and reflect |
| topic: | marketing & sales |
| abstr. level: | individual |
| perspective: | rational |
| status: | under review |
| module: | personal selling |
| comments: | 3 |

description:

In 1898, the American advertising and sales pioneer, E. St. Elmo Lewis developed a practical sales tool using the latest Scientific Management insights. He created his AIDA funnel model on customer studies in the US life insurance market to explain the mechanisms of personal selling. Lewis held that the most successful salespeople followed a hierarchical, four layer process using the four cognitive phases that buyers follow when accepting a new idea or purchasing a new product.

The AIDA model describes the basic process by which people become motivated to act on a purchase and is based on external stimuli from sales representatives. This motivation to make a purchase depends on:

1. AWARENESS of the existence of a product or service;
2. INTEREST in paying attention to the product's benefits;
3. DESIRE for the product.

Lewis held that the fourth stage or mental state, ACTION, was a natural result of moving through the first three stages -- that desire leads to action, i.e.

1. Are you talking to me?
2. Why are you talking to me?
3. Good idea, but do I really need it?
4. What will I have to do to get it?

In 1911, Sheldon extended the model with a fifth phase, 'permanent Satisfaction' to stress the importance of repeat sales. In the following decades, the AIDA model served to study how advertising affects consumers and was the basis for numerous motivational driven consumer behaviour research models such as ACAIP, ACCA, and CAB.

The AIDA funnel model was to be used as the backbone for structuring an organisation's sales. The sales funnel helps sales personnel to better target a client by basing their actions on the client's position in the funnel. Salespeople should seek different sales objectives for their suspects, their prospects and their customers. The aggregated information from the sales funnel allows a firm to construct an overview across sales representatives and departments and to deliver better structured sales forecasts.

assets:



AIDA sales funnel

ProvenModels • editor PM • version 0.2 • 49 KB



measuring purchaser's involvement

ProvenModels • editor PM • version 0.2 • 20 KB

pros:

- The AIDA model allowed salespersons and managers to monitor their personal sales activity progress. Structuring the organisation's sales funnel according to the AIDA model's four hierarchical layers permits the insertion of quantitative conversion rates.
- The model demonstrated to sales people that timing is important in sales processes since the mental state of prospective buyers changes over time. The buyer requires different information from the sales person at each state to be able to move to the next phase.
- The model formed the basis for measuring the effect of advertising. It is the foundation for what became known in consumer behaviour research as the 'hierarchy of effect' models.

cons:

- The model takes the view that the sales person rather than the buyer has the most control in the interaction. Later research showed that buying and selling are the same process whose outcome is determined by the total sales process rather than the actions and traits of the individual actors.
- The model can be applied too strictly: its goal is to stimulate the buying action from potential buyers, not to lead them through five stages at all costs. AIDA as a blue print for a sales presentation requires the salesperson to talk disproportionately to keep feedback from the potential buyer from disrupting the flow of the sales process.
- The key for successful AIDA implementation is to understand the state of the prospect. This requires skill and experience on the side of the sales person.
- Later research showed that buyers change their mental state in a more dynamic, complex way than sequentially.

references:

- Financial advertising (the history of advertising)
<http://www.amazon.com/gp/product/0824067592?ie=UTF8&tag=provenmodels-20&linkCode=as2&camp=1789&creative=9325&creativeASIN=0824067592>
 Elias St. Elmo Lewis • 1908 • Taylor & Francis • United States • ISBN 0824067592

- Setup AIDA categories in MS Outlook
<http://office.microsoft.com/en-us/assistance/HP052432901033.aspx?mode=print>
United States

- The art of selling: for business colleges, high schools of commerce
<http://www.amazon.com/gp/product/0766161730?ie=UTF8&tag=provenmodels-20&iinkCode=as2&camp=1789&creative=9325&creativeASIN=0766161730>
Arthur Frederick Sheldon • 1911 • Kessinger Publishing • United States • ISBN 0766161730

- The development of the hierarchy of effects: an historical perspective
http://www.ciadvertising.org/studies/course/syllabi_grad/theory_readings/barry.pdf
Thomas E. Barry • 1987 • United States