

Maslow's hierarchy of needs | marketing essay



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Research has been conducted on Maslow's Hierarchy of Needs theory parallel to the theory of Personality Trait. Consequently, theoretical and practical implications of these theories have been discussed in regards of Chinese and Australian market. Trait theory focuses on the identification and quantitative measurement of personality in terms of specific psychological characteristics (Schiffman et al, 2011). Maslow's theory of needs identifies five basic levels of human needs, which rank in order of importance from low-level (biogenic) needs to higher-level (psychogenic) needs (Schiffman et al, 2011). It provides an overview of the consumer market of China and Australia, as well as compares the products and contrasts them in terms of the different aspects of consumer behaviour of both the regions. This report also analyses the position an Australian exporter might have in China and the product it focuses on is tourism and how to market it to the Chinese population.

Contents

Introduction

The aim of this report is to discuss the difference in consumer behaviour in China and Australia in terms of two personality theories - the Trait Theory and Maslow's Hierarchy of Needs Theory. China is one of world's growing economies at the moment and comparing and contrasting consumer behaviour in Australia and China will help marketers decide what type of products they should concentrate on to expand and be a part of globalisation. It may even open up doors for Australian exportation to China for various products. The report explains the trait theory and Maslow's theory as well as describes how some of the Chinese products relate to it in

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terms of consumer behaviour. This is followed up by contrasting them with Australian consumer behaviour and finally it discusses the opportunities for Australian exporters in China.

Trait Theory

Trait theory in psychology, as an approach of researching individuals' personality, is prevalent in the field of management as well in terms of its relationship with people's behaviour. Generally speaking, a trait can be considered as a comparably constant and stable characteristic that leads individuals to behave in certain ways. According to Gordon Allport, portrayed as the originator of the doctrine of traits (Zuroff D, 1986), traits are divided into three main categories: cardinal traits, central traits and secondary traits, which determine a person's characteristics in different levels. In the present days, the trait theory is more relating to the Big Five framework of personality traits, known as a robust model of acknowledging the relationship between traits and behaviours (Poropat, 2009). The five critical elements in Big Five can be recognized as extroversion, agreeableness, conscientiousness, neuroticism and openness.

Based on the association between personalities and behaviours, trait theory is broadly applicable to the study of consumer behaviour, especially in the aspect of culture referring to the global marketing. Different consumer behaviours are associated with divergent cultures which exert great impact on individuals' personalities. Unlike the independent self-model that Western (especially North America) culture fosters, East Asian (particularly China) tends to be more collective between individuals and group members

(Kanagawa, Cross, & Markus, 2001; Yulia E & Jeanne L, 2010), leading to different conventions and patterns of goods consumption.

2. 1 Luxury goods

Even not being in the individualism-asserted country, consumers in China are still under the impact of scarcity, which means they would pursue limited resources to satisfy unlimited wants. As the increase in purchasing power and divergent cognitions in brand of Chinese consumers, their demands for luxury goods have expanded in an accelerating rate. Luxury goods companies are expanding rapidly in China based on their forecasting global growth in the next 10 years. It has been reported (CLSA, 2011) that handbags, leather goods and jewellery are going to experience fast growth in the following several years; the fact is Chinese buyers have already been the biggest customers while Richemont, Gucci and Hermes also have large amount of sales made in China (about 22%, 18% and 11% respectively).

2. 2 Cars

Social status is a significant element existing in China's convention, leading the brand to be a critical consideration when choosing motor vehicles like cars. The consumer market research of Western multinationals in Asia comes to a conclusion that consumers in China are most interested in brands and trademarks (Backman M & Butler C, p191-192). Although home-grown brands of Chinese car industry are increasingly emerging, the Western giants such as PSA Peugeot and Mercedes still have relatively more market share compared with home-branded companies in China. Chinese consumers tend to have more preference and confidence in famous-branded cars to show their social status as well as the wellbeing.

2. 3 Media Products

Personal and cultural values can be recognized as another important determinant in trait. According to Morris's (1956) ' Way to Live' survey, the way ' act and enjoy life with group participation' ranked in the second place, which means that Chinese people prefer to make group decision rather than independent one. Generally speaking, consumers in China are more likely to make group purchase of media products. To be more specific, the purchase of media products is not a simple decision to make for it is relatively large-portion spending of income in families. Given that an individual has introduced one preferable type of media products he has, counterparts (including friends, colleges and family members) are potentially to purchase the identical or similar product as well. However, the growing importance of self-valuation orientation cannot be ignored in the present years, which requires the subsidiary of multinational companies to get more emphasis on the personalization in designing their products.

2. 4 Special Belongings

Since the traditional cultural values, especially the god worship, have great influence on large amount of people, special belongings or so-called lucky charms are prevalent all around China. This product ought to be unique and meaningful to certain individuals. Under the force of convention, flexibility and performed to be local is a vital strategy to obtain success in such particular industry.

Maslow's Hierarchy of Needs Theory

Maslow's hierarchy of needs, also known as Maslow's macro theory, consists of a pyramid of needs, where people move up the pyramid by fulfilling the

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levels one by one. It starts off with physiological needs such as food and shelter, followed by needs for safety, social affiliation, self-esteem, and finally self-actualisation. According to Schiffman et al (2011), consumers tend to satisfy lower level needs first and it is necessary in order to move up the pyramid. When the initial need is satisfied, consumers face a new need which is of a higher-level. This continues on until the consumer presumably reaches the top of the pyramid of needs. When it comes to products however, it differs from culture to culture. For example, a product may be treated differently in Australia in comparison to another country, such as China.

For consumers, their needs motivate their future needs, so for example, if they satisfy one particular need that will stop existing for them and give birth to another need. This allows them to pursue another need which seems more important to them (Kotler, 2000). For example, if a person needs a new phone, he/she will go buy it. This diminishes his/her need for a phone so that need will no longer be pursued. This means the initial need has been satisfied. However, now the person may think that they need to buy a case for their phone. So he/she will pursue this need now instead which seems more important in comparison now because the first need has been satisfied (appendix A). According to some researchers, lower level needs continue to motivate consumers and cause them to buy more products (Engel et al, 1995). Since this report talks about consumer behaviour in China and Australia in terms of personality theories, it can be said that Maslow's theory will affect the different cultures in similar ways when it comes to certain products such as a phone and/or its case.

Marketers use Maslow's theory to target consumers. Sometimes a single product can satisfy multiple levels of the hierarchy. For example, a necklace from Tiffany's will fulfil a person's social affiliation as well as self-esteem needs – it's a pride and social issue for the consumer (appendix B). In the same scenario, a jacket from Louis Vuitton not only fulfils a person's physiological needs, but also their social and self-esteem needs (appendix C).

Some researchers have come to the conclusion that Maslow's theory is not fully valid as it did not go through all the necessary empirical research (Churchill & Peter, 1998). Despite these claims, many think that Maslow's theory helps marketers. Consumers buy different products for different reasons, sometimes one product can satisfy multiple needs. For example, Johnny Walker Black Label, a brand of alcohol, not only serves as a drink, but also as a symbol of prestige and social affiliation (appendix D).

China is a collectivist society, as opposed to Australia which takes an individualistic approach. When applying Maslow's theory of needs, it is essential to keep in mind that in Chinese cultures, the consumers will react to the affiliation step differently compared to Australian culture.

Difference in the consumer behaviour

4. 1 Media

With the changing environment and continuous pace of Chinese consumer market, products are very often being accepted by the consumers before it has successfully established its place in the market. Traditionally, advertisement on television helps a lot in gaining attention of the Chinese

consumers. However, the consumers react best while they get a recommendation from someone close to them. In China it is still very high likely to get people's response via television commercials whereas in Australia the response rate is higher in radio advertisement.

4.2 Personal Characteristics

Considering the factors of the Big five Model, Chinese people emphasis more on the concept of 'Face' which is the influence of others. They are more likely to buy expensive/ luxurious product to keep up their 'face'. They would always go for branded items or try something unusual and expensive. Researches show that the most popular brands of China are Louis Vuitton, Chanel, Gucci etc. On the other hand Australian people look for something reliable and longer lasting. The trait theory describes about consumer's different characteristics which influences their purchase behaviour. For instance, people in China are low in dogmatism and so they have the drive towards new launch. This reflects the idea that, whether or not they will make a purchase just because it's the newest, most popular item available or because it is truly what they need and/or want. On the other hand people with high dogmatism will stick to the brands they feel comfortable with.

Purchasing behaviour of a consumer is also influenced by the way the product is advertised by the marketer. It entirely depends on how the market identifies its potential customer. For example the 'Billy Martin and George Steinbrenner's emphasises on both taste and it's 'less filling' quality (appendix E). Traditionally, Chinese people are more likely to drink with a gathering of friends and family. So they would not respond very well to this television commercial.

To sum it up, along with all the characteristics, culture and social norms are equally important for a product to be successful. If the product represent the existing values of specific region it's more likely to receive better response.

4.3 Maslow's Theory

According to the Maslow's hierarchy theory income is one of the major elements effecting consumer behaviour. As wages are continuously rising from the past few years in china, there's been a drastic change in people's behaviour. The basic needs are met, so people are looking forward for the upper level of Maslow's hierarchy pyramid. On the other hand, Australian's expenditure has dropped down due to few financial strikes over the last few years. So, the Australian consumer market is concentrating more towards the ' Physiological needs' level of Maslow's hierarchy.

Marketing Opportunity for Australian Exporter

The increasing westernization of China, coupled with the rapid growth rates experienced by a developing economy, has seen a marked increase in international investment within the Chinese economy; representing a global perspective of strong economic potential from such a large market base. The nature of the Chinese economy's growth facilitates an increase in wealth per capita and allows for higher disposable incomes, which means that consumers have a greater ability to satisfy higher levels of Maslow's hierarchy of needs.

Tourism represents a positive marketing opportunity for an Australian exporter due to the dramatic social, cultural and economic change that has taken place, as well as the potential influence that this market base might

have on the entire tourism industry (S Chen and M Gassner 2012). The China National Tourism Administration forecasts that by the year 2015, China will have 100 million international travelers (World Travel Online 2011). Providing a diverse range of all-inclusive package tours empowers Chinese tourists to make consumer choices based on their personal characteristics and values. Packaged offerings could take advantage of the gift buying culture in China by including specific shopping stages throughout the trip, helping to fulfill the social needs of Chinese tourists (M Chiang 2012). This differentiated approach to package tours not only provides Chinese Tourists with a greater variety of options, but also helps them to learn about the wide range of Australian tourism products (D Buhalis and E Laws 2001). The marketer could also emphasize the importance and evolving nature of the relationship between Australia and China as a reason to choose Australian tourism products over other western offerings. Furthermore, since mostly the Middle - Upper class of Chinese society will be the target market for the exporter; select Australian tourism products could be marketed as being luxurious or lavish, which can help to satisfy the ego level of Maslow's hierarchy of needs.

6. Conclusion

In conclusion, it can be seen that the cultures in China and Australia are different as well as similar when it comes to consumer behaviour - they react differently to advertisements and then to products. It is very important for marketers to account for this fact as explained with the help of Trait theory and Maslow's theory of needs. This report also explains how tourism is a rising product that Australia can promote tourism to China as there is great potential for many joint ventures. It is important to also account for the

similarities if the marketers want to get maximum advantage out of the consumers.

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