

Consumer Behavior Lesson 3: Segmentation and Maslow's Hierarchy of Needs

SUBMITTED BY: Leya Matthew

SUBJECT(S): Marketing

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

The hierarchy of needs is a psychological theory proposed by Abraham Maslow and it has been influential across disciplines. In this lesson, we examine the usefulness of this theoretical framework from a marketing perspective. The Knowledge@Wharton article: “How Did Nokia Succeed in the Indian Mobile Market, While Its Rivals Got Hung Up?” gives an example of how one phone company did exactly that — break up a faceless crowd, segment them into groups with similar needs, develop products for segments, and market them to each segment. To apply this principle in greater depth, the class is divided into groups and asked to segment their target market for a product of their choice and develop a marketing plan for one or more segments of their market. The students then present these plans to their peers.

≡ NBEA STANDARD(S):

- Marketing, I. Foundations of Marketing
- Marketing, II. Consumers and Their Behavior

≡ RELATED ARTICLES:

- [“Purchase Power: How to Make Smart Consumer Choices”](#)
- [“Entrepreneur Jack Abraham on How Innovation Rises from Ruin”](#)
- [“Economic Partnership: Coffee Beans, Moroccan Rugs and the Future of Fair Trade”](#)

Common Core Standard(s):

1. CCR Standard for Reading: Read closely to determine what the text says explicitly and make logical inferences from it.
2. CCR Standards for Listening: Prepare for and participate effectively in a range of conversations and collaborations with diverse partners, building on each other's ideas and expressing their own clearly and persuasively. Evaluate a speaker's point of view, reasoning, and use of evidence and rhetoric.
3. CCR Standards for Speaking: Present information, findings and supporting evidence in such a way that listeners can follow the line of reasoning, and the organization, development and style are appropriate to the task, purpose and audience.

Objectives/Purposes:

Students will analyze the market segmentation strategy of a brand. They will then segment the market for a product of their choice and design a marketing plan for one or more segments. Students will also develop analytical, problem solving, teamwork and presentation skills throughout the lesson.

Knowledge@Wharton Article:

[“How Did Nokia Succeed in the Indian Mobile Market, While Its Rivals Got Hung Up? ”](#)

Other Resources/Materials: Internet access

Activity:

1. Introduction to concepts (10 mins) *Handout*

The teacher begins the lesson by introducing Maslow's "Hierarchy of Needs". *Abraham Maslow was a psychologist who proposed a theory to understand society and how people acted as part of social classes. Maslow's hierarchy of needs is often portrayed in the shape of a pyramid, with the largest and most fundamental levels of needs at the bottom, and the need for self-actualization at the top. Maslow's theory suggests that the most basic level of needs must be met before the individual will strongly desire (or focus motivation upon) the secondary or higher-level needs.*

Physiological needs

For the most part, physiological needs are obvious — they are the literal requirements for human survival. If these requirements are not met, the human body simply cannot continue to function. Air, water and food are requirements for survival in all animals, including humans. Clothing and shelter provide necessary protection from the elements.

Safety needs

With their physical needs relatively satisfied, the individual's safety needs take precedence and dominate behavior. In the absence of economic safety — due to economic crisis and lack of work opportunities — these safety needs manifest themselves in such things as a preference for [job security](#), savings accounts, insurance policies, and the like.

Love and belonging

After physiological and safety needs are fulfilled, the third layer of human needs is social and involves feelings of belonging. Humans need to feel a sense of belonging and acceptance, whether it comes from a large social group, such as clubs, office culture, religious groups, professional organizations, sports teams, gangs, or small social connections (family members, intimate partners, mentors, close colleagues, confidants). They need to love and be loved (sexually and non-sexually) by others. This need for belonging can often overcome the physiological and security needs, depending on the strength of the peer pressure; an anorexic, for example, may ignore the need to eat and the security of health for a feeling of control and belonging.

Esteem

All humans have a need to be respected and to have self-esteem and self-respect. Esteem presents the normal human desire to be accepted and valued by others. People need to engage themselves to gain recognition and have an activity or activities that give the person a sense of contribution, to feel self-valued, be it in a profession or hobby. Most people have a need for a stable self-respect and self-esteem. Maslow noted two versions of esteem needs, a lower one and a higher one. The lower one is the need for the respect of others, the need for status, recognition, fame, prestige and attention. The higher one is the need for self-respect, the need for strength, competence, mastery, self-confidence, independence and freedom. The latter one ranks higher because it rests more on inner competence won through experience.

Self-actualization

“What a man can be, he must be.”^[8] This forms the basis of the perceived need for self-actualization. This level of need pertains to what a person’s full potential is and realizing that potential. Maslow describes this desire as the desire to become more and more what one is, to become everything that one is capable of becoming.^[9] This is a broad definition of the need for self-actualization, but when applied to individuals the need is specific. For example, one individual may have the strong desire to become an ideal parent, in another it may be expressed athletically, and in another it may be expressed in painting, pictures, or inventions.^[10] As mentioned before, in order to reach a clear understanding of this level of need, one must first not only achieve the previous needs — physiological, safety, love and esteem — but master these needs.

While this is a psychological theory, this can have great value from a marketing perspective too. The article we are going to read gives an excellent illustration of how a company segmented its customers according to Maslow’s hierarchy and has reaped the benefits of its superior understanding of consumer behavior.

2. Work with Knowledge@Wharton article (10 mins)

The teacher now has students read the article in turns and she/he leads a discussion of the various segments identified by Nokia in the Indian market. The particular products and plans designed for each segment are discussed. You may also pull up examples of commercials of the Nokia 1100 referenced in the article.

3. Small group activity (10 mins)

The teacher asks students to choose a particular product or service, analyze how different providers target different segments, and the marketing strategies used for each segment. The airline industry is an example that students could analyze — with low-cost airlines and luxury airlines using radically different marketing strategies.

4. Presentation, feedback and wrap-up discussion (10 mins)

Tying It All Together: Maslow’s hierarchy is a theoretical framework that will be useful to the students in multiple disciplines and situations. This lesson focuses on the marketing perspective and explores how the “hierarchy of needs” is incorporated into marketing strategies. The example of Nokia from the K@W article gives a detailed description of how invaluable segmentation is to product development and marketing. After a glimpse of how the concepts are executed in the market, the students apply their knowledge in a group exercise.

Practice Outside of the Classroom: The next time you make a purchase, identify the marketing segment you form a part of. What are the other segments for the product you purchased? How does marketing differ for each segment?

What Worked and What I would Do Differently: It might be valuable to orient this lesson from a critical theory perspective. If there are clearly distinguishable segments within the class, the teacher should be willing to examine questions regarding social stratification and the role of marketing in this process.

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