

The Value and Challenges of Maslow Hierarchy of Needs in Contemporary Consumer Behavior Analysis

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Abstract. The application value and challenges of Maslow's hierarchy of needs in contemporary consumer behavior analysis are discussed in this paper. The article first reviews the core content and main viewpoints of Maslow's hierarchy of needs and elaborates on its significant position in the field of consumer behavior research. Then the positive role of this theory in explaining consumption motives, predicting consumption trends, and guiding marketing strategies is analyzed to demonstrate its significant value in understanding the psychological needs and behavioral patterns of modern consumers. However, the article also points out that this theory will face some challenges when applied to the complex and changeable consumption environment of the contemporary era. Such as the blurring of hierarchy of needs, the increasing influence of individual differences, and the interference of social and cultural factors, this paper offers several suggestions for improving and developing Maslow's theory, such as refining the classification of hierarchy of needs, considering multicultural backgrounds, and integrating other related theories, etc. Finally, the article looks forward to the application prospects of this theory in future consumer behavior research and emphasizes its ongoing theoretical value and practical significance. This study aims to bring new ideas to consumer behavior analysis and provide references for related theoretical research and marketing practice.

Keywords: Maslow's hierarchy of needs; Consumer behavior; Consumer motivation; Marketing strategy; Theoretical development.

1. Introduction

Today, the consumer market is developing rapidly, so understanding consumer behavior is crucial to business success, and Maslow's hierarchy of needs has held an important position in consumer behavior analysis since it was proposed as a classic psychological theory. Therefore, this paper aims to explore the value and challenges of this theory in contemporary consumer behavior analysis and provide new ideas for related research and practice.

In recent years, China's economy has continued to grow and its consumption level has been rising, which has given China's consumer market diversified and individualized characteristics. According to data from the National Bureau of Statistics, China's total retail sales of consumer goods reached 43.97 trillion yuan in 2022, an increase of 0.2% compared with the previous year. Against this backdrop, the structure of consumer needs has been changing. The basic survival needs are no longer a goal pursued blindly but are evolving towards higher-level needs. Therefore, Maslow's hierarchy of needs has new opportunities as well as new challenges in explaining and predicting consumer behavior.

The basic content and main features of Maslow's hierarchy of Needs This article will first review and explore its application in consumer behavior analysis, and then focus on dissecting the value of this theory in guiding consumer needs analysis, optimizing product design and marketing strategies, and promoting brand positioning and enhancing consumer loyalty, After delving into the applicability and limitations of Maslow's theory in the contemporary consumer environment, this article aims to provide valuable references and inspirations for consumer behavior research and marketing practice.

2. An Overview of Maslow's Hierarchy of Needs Theory

2.1 Basic Contents of Maslow's Hierarchy of Needs

In 1943, American psychologist Abraham Maslow proposed a theory of human needs known as Maslow's hierarchy of needs, which divides human needs into five levels from low to high: physiological needs, safety needs, social needs, esteem needs, and self-actualization needs, and Maslow perceived these needs as hierarchical and progressive. That is to say, when lower-level needs are met, people will pursue higher-level needs.

In consumer behavior analysis, Maslow's hierarchy of needs is widely used to explain consumption motivation and consumption behavior, just as basic food and clothing consumption corresponds to physiological needs, the purchase of insurance and health products reflects safety needs, the use of social media and communication products reflects social needs, and luxury and brand consumption is related to respect needs. The pursuit of experiential consumption such as education, art or travel may be an expression [3] of the need for self-actualization.

2.2 Main features of the hierarchy of needs theory

Maslow's hierarchy of needs has the following main features:

Demands have a hierarchical nature. The theory holds that human needs are like a pyramid, ascending from the most basic physiological needs to the highest level of self-actualization needs, and this hierarchy reflects the differences in the priority and importance of demands.

The hierarchy of needs, the theory suggests that when the lower needs are basically met, individuals will naturally pursue higher needs, and this hierarchy can explain the process of change in human behavioral motivation.

Demand is dynamic, according to Maslow's theory, the focus and intensity of demand change as the environment and social conditions in which an individual is located, and this is particularly useful [8] in explaining the long-term trend of change in consumer behavior.

There are individual differences in demand, and the theory acknowledges that different individuals may have different levels and degrees of satisfaction in demand, thus laying a theoretical foundation for explaining the diversity of consumer behavior.

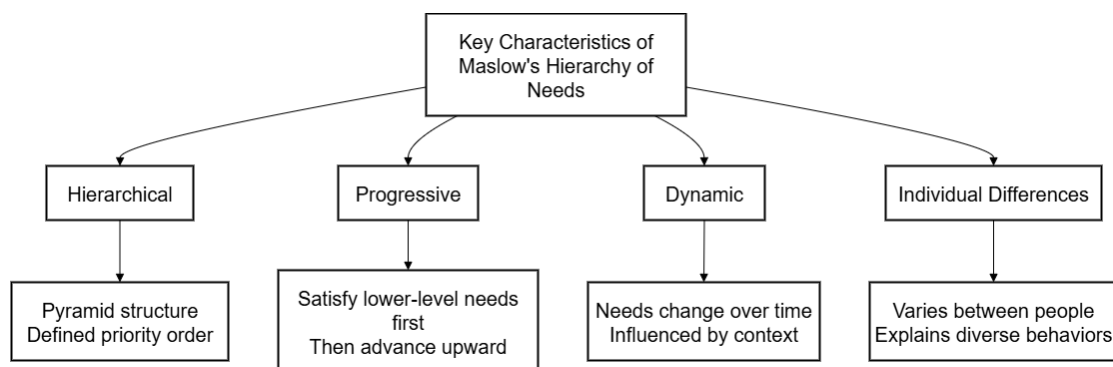


Figure 1. Main features of Maslow's hierarchy of needs theory

2.3 Application of the Theory in Consumer Behavior Analysis

Maslow's hierarchy of needs is widely applied in consumer behavior analysis. It first provides a systematic framework for understanding consumer motivation, so marketers can design products and services based on different levels of needs to meet consumers' multi-level demands [7].

We can use this theory to explain the changes in consumer behavior because as society develops, the levels of consumer demand are constantly rising, moving from basic material consumption to spiritual and cultural consumption, which is in line with the predictions of Maslow's theory.

With the hierarchy of demand theory as the basis for market segmentation, enterprises can formulate marketing strategies and product positioning based on the main hierarchy of demand of the target consumer group. For example, for consumers who pursue safety demands, emphasis can be placed on the safety and reliability of products.

In terms of brand building, the theory also has important implications. If a brand wants to establish emotional connection and brand loyalty, it can achieve this by meeting consumers' higher-level needs such as respect and self-actualization.

3. The value of Maslow's hierarchy of Needs in contemporary consumer behavior analysis

3.1 Guiding consumer needs analysis

Maslow's hierarchy of needs is of great significance in guiding consumer needs analysis because it provides a systematic framework for understanding and classifying the diverse needs of consumers. After dividing the needs into different levels, enterprises can more accurately identify the main needs of the target consumer group and formulate targeted product development and marketing strategies.

Take the food industry as an example. Basic physiological needs may be reflected in the pursuit of nutrition and taste, while higher-level needs may cover health, social interaction, self-expression, etc. The rapid growth of the health food and organic food markets in recent years reflects consumers' pursuit of higher-level needs. Statistics show that China's health food market size reached 450 billion yuan in 2022, with a year-on-year growth of more than 10 percent.

Enterprises can use the hierarchy of demand theory to predict consumption trends because as the economy develops and living standards improve, the center of consumer demand is gradually moving from the lower level to the higher level. This change brings new market opportunities to enterprises while also forcing them to constantly innovate and upgrade their products to meet consumers' growing higher-level demands.

3.2 Optimize product design and marketing strategies

The optimization of product design and marketing strategies can receive significant guidance from Maslow's hierarchy of needs. In product design, enterprises can optimize the functions and features of their products based on different levels of needs. For instance, products that meet safety requirements should enhance safety performance and reliability, while those that satisfy social needs should add social functions and interactive designs.

In terms of marketing strategies, the hierarchy of needs theory lays the theoretical foundation for formulating differentiated marketing plans. Companies can design corresponding marketing messages and channels based on the main hierarchy of needs of the target consumer group. For the high-end consumer group pursuing self-actualization needs, emphasis can be placed on the uniqueness of the product and personalized customization services.

The rise of experiential marketing in recent years is a good example. Many brands have met consumers' high-level needs such as self-esteem and self-actualization by creating unique consumption experiences, and statistics show that the scale of China's experiential retail market reached 1.2 trillion yuan in 2022, an increase of 15% compared to the previous year, which reflects consumers' strong pursuit of meeting high-level needs.

3.3 Promote brand positioning and consumer loyalty

Maslow's hierarchy of needs has a significant impact on promoting brand positioning and enhancing consumer loyalty. If a brand can meet consumers' higher-level needs such as the need for respect and the need for self-actualization, it can build emotional connections and establish brand loyalty. Brand positioning based on higher-level needs not only boosts brand value, It also deepens consumers' brand identity.

Some luxury brands emphasize the scarcity and uniqueness of their products to meet consumers' demands for respect and self-actualization, a strategy that enhances the brand's premium pricing power and creates a group of loyal brand followers, according to a McKinsey report, the global luxury market size reached 1.4 trillion euros in 2022. The Chinese market has seen a significant increase of 21 percent year-on-year.

Social responsibility and sustainable development concepts are being used by some brands to meet consumers' higher-level demands such as environmental protection and social identity, which both enhance brand image and increase consumer brand loyalty, as Nielsen shows that more than 70 percent of Chinese consumers are willing to pay a higher price [5] for environmentally friendly and sustainable products.

Brand positioning and consumer loyalty building can draw new ideas and methods from Maslow's hierarchy of needs, which is beneficial for enterprises to build long-term brand advantages in highly competitive markets.

4. Challenges of Maslow's Hierarchy of Needs in the Analysis of Contemporary Consumer Behavior

4.1 Dynamics and Complexity of the hierarchy of needs

Although Maslow's hierarchy of needs provides an important framework for understanding consumer behavior, the dynamics and complexity of the hierarchy of needs in contemporary society are increasingly prominent, which poses a challenge to its applicability because modern consumer demands are highly fluid and variable. After the rapid development of the social economy and the improvement of living standards, consumer demands no longer strictly follow the linear hierarchy as Maslow described. Instead, it shows the characteristics of multi-level coexistence and cross-satisfaction, as some consumers pursue the higher-level need of self-actualization before their basic physiological needs are fully met.

The boundaries between the levels of demand have become increasingly blurred. In the context of information and globalization, there are complex interactions and influences among different levels of demand. For example, the popularity of social media has intertwined the need for belonging and the need for self-esteem, making it difficult for the hierarchy of needs to be fully and accurately described by a single level, and the growing differences among individuals in the formation and expression of needs have made the hierarchy of needs analysis more complex. These have become important challenges [9] for Maslow's theory in the analysis of contemporary consumer behavior.

4.2 The impact of cultural differences on the applicability of theories

The applicability of Maslow's hierarchy of needs in different cultural contexts faces severe challenges because the theory originated from Western culture and its division and prioritization of the hierarchy of needs largely reflect Western individualistic cultural values, while in today's globalized era, the analysis of consumer behavior has to take into [6] account the significant influence of cultural differences.

The importance of defining and ranking needs in different cultures may vary greatly, as in East Asia, where collectivist cultures thrive, social belonging and family harmony may be considered more crucial than personal achievement and self-actualization, so Maslow's hierarchy of needs may not work in some cultures. And cultural values also influence the way consumers express and satisfy their needs. In some cultures, directly stating one's own needs may be considered inappropriate, so the analysis of consumer behavior requires a more refined and indirect approach.

This view is also supported by research data in recent years. A 2020 cross-cultural consumer behavior study showed that about 65 percent of consumers in the Asian market consider social recognition more important than personal achievement, compared to 35 percent in the Western market. Due to such cultural differences, People are beginning to question the universal applicability of

Maslow's theory and attach importance to the need to consider cultural background when using it to analyze consumer behavior.

4.3 New Characteristics of Consumer Behavior in the Digital Age

In the digital age, there are many new characteristics of consumer behavior, and this poses new challenges to the application of Maslow's hierarchy of needs theory because digital technology has become widespread, and consumers' ways of seeking compensation have changed. Digital services such as virtual social interaction, online education, telemedicine have made online platforms the places where consumers meet their multi-level needs. This multi-dimensional, cross-level demand fulfillment model cannot be fully explained by the traditional linear hierarchy theory.

With the continuous development of big data and artificial intelligence technologies, consumer demand prediction and satisfaction have become increasingly precise and personalized. A 2022 survey showed that approximately 75% of consumers want personalized shopping experiences, a trend that poses a challenge to the generalized description of demand in Maslow's theory. Data-driven precision marketing can quickly identify and meet consumers' latent needs, providing corresponding products or services before consumers are aware of them.

With the rise of social media, "show-spending" has become widespread, and the need for self-expression and social identity in consumer behavior has increased significantly. Research in 2021 showed that more than 60 percent of young consumers said their purchasing decisions were influenced by social media, making the role of self-esteem needs and social needs in consumer behavior even more prominent. This poses a challenge to Maslow's theory of a fixed hierarchy of needs.



Figure 2. New Characteristics of Consumer Behavior in the digital Age

4.4 The contradiction between theoretical limitations and practical application

Maslow's hierarchy of needs has a contradiction between theoretical limitations and practical needs when applied in practice, because its simplified model is difficult to fully grasp the complexity of consumer behavior in the real world, and in reality, consumer needs are often diverse and dynamically changing, not met step by step in hierarchy. So the difference between theoretical simplification and the complexity of reality may lead to deviations [10] when formulating marketing strategies in practice.

The static nature of theory is in contradiction with the rapid changes in the market environment. Maslow's theory was proposed in the mid-20th century. Although its basic framework has reference value, it is difficult to fully adapt to the rapidly changing consumption environment today. Just as recent studies have shown, sustainable development and environmental protection awareness have become new levels of consumption demand, while the original theory did not cover these.

The theory has universal assumptions, but the reality of individual differences contradicts it, because although Maslow's theory assumes that the hierarchy of needs applies to all, in reality, the structure of needs may vary greatly among different individuals, age groups, and social classes. And a 2023 consumer survey showed that more than 70 percent of respondents said their personal experiences and values significantly influenced their consumption demands. This trend of individualization challenges the universal applicability [1] of the theory.

The contradictions that emerged when Maslow's theory was applied to consumer behavior analysis highlighted the need for a more flexible and comprehensive approach, and the need to combine other theories with empirical research in practice to make up for the limitations of Maslow's theory in order to better guide marketing decisions and consumer research.

5. Conclusions

When analyzing contemporary consumer behavior, Maslow's hierarchy of needs still has significant theoretical value and practical significance but also faces many challenges. This study examines the dynamics and complexity of the hierarchy of needs, the impact of cultural differences, the new characteristics of the digital age, and the contradiction between theoretical limitations and practical applications to reveal the applicability of this theory in the current environment.

Maslow's theory faces many challenges but still has value framework significance in understanding consumer behavior. To better apply the theory, appropriate adjustments and expansiveness are needed. First, it is necessary to understand that the hierarchy of needs is dynamic and there are individual differences, so the methods should be more flexible when applying it. Second, in a cross-cultural context, the influence of cultural factors on the hierarchy of needs and priorities should be considered. Furthermore, in the digital age, pay attention to how new technologies change the way consumer needs are met and incorporate these factors into the theoretical framework.

Future research should focus on developing a more comprehensive, dynamic theory of consumer demand that better reflects the complexity and diversity of contemporary society, and on strengthening empirical research and using methods such as big data analysis to deeply explore the structure of consumer demand in different groups and cultural backgrounds. Only in this way, The value of Maslow's hierarchy of needs in the analysis of contemporary consumer behavior can be sustained, providing more reliable theoretical guidance for marketing strategy formulation.

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