

World's Most Valuable Brand Resonation With Categories of Different Customer Needs

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Abstract

One of the key performance indicators of brand success is its value. Brand value is an outcome of brand's performance in market, and is largely depended from brand's ability to satisfy certain customer needs. For the greatest success in the world's market brand should resonate its ability to satisfy some of customer's most universal needs. In this paper authors strives to find out which of the needs world's most successful brands are resonating with. Therefore paper goal is to is to determine what customer needs world's most valuable brands are primarily satisfying. First part of paper authors briefly evaluate Maslow theory of needs. In second part of paper authors identify main challenges of brand valuation, and briefly describe today's most valuable brands. In third part of paper authors analyzes if resonating certain human need in brand makes it to be more valuable. In last part of paper authors summarizes the main findings and gives recommendations for better marketing practices to other brands whose owners have high market ambitions. In order to attain the paper's goal, authors will use following research methods: Comparative analysis for comparing brands in different brand rankings; Content analysis for determining what need satisfaction brand advertisements resonate; Data analysis for quantify the results gathered from content analysis;

Keywords: Brand rankings, Customer needs, Maslow hierarchy of needs

1. Introduction

Marketing as concept has several explanations. One way to explain marketing is from business management perspective. In that case marketing is philosophy of business management, based upon a company-level approval of the need for customer orientation, profit orientation and recognition of marketing communications role in the needs of market.

Such explanation embraces marketing business objectives and emphasizes that marketing is primal business structure which is responsible for business results. Business results in long term are attained if brand manages to satisfy customer needs highly successfully. Therefore primal task for marketers is to make sure that brand so it would effectively resonates with customer needs. (McNamara, 1972)

Most fundamental need classification approach is Maslow theory of needs. There are many other attempts to classify human needs alternatively than Maslow. Few of these approaches have well recognized in academic and professional organization management as well as human resource management level, including McClelland's theory of needs or Alderfer's human needs EGR theory. Since the paper focuses more on brands and less on comparison of human need theories, the authors will base their analysis on the classical Maslow's hierarchy of needs.

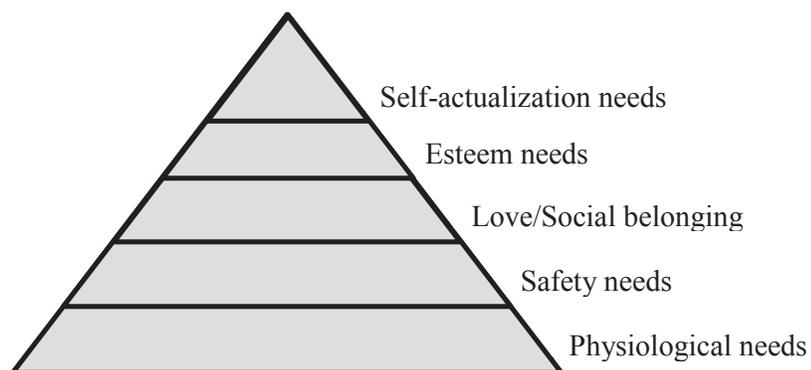
One of the key performance indicators of brand's overall success is brand's value. Throughout of this paper authors will strive to answer the following question – what is common for world's most valuable brands in terms of satisfying customer needs. Therefore **goal** for the paper is to determine what customer needs world's most valuable brands are satisfying. In order to attain the paper's goal, authors sets following **tasks** for the paper: 1) Explore customer need categorization approaches; 2) Analyze the structure of the world's most valuable brands; 3) Evaluate what customer needs world's most valuable brands are primarily resonating with; 4) Critically discuss the results and draw suggestions about the main findings.

In the paper development authors use several **research methods** including (1) Comparative analysis – for brands' comparison in different brand rankings; (2) Content analysis – for determining what need satisfaction brand advertisements resonate.; (3) Data analysis – for quantify the results gathered from content analysis.

2. Maslow's approach in categorization of customer needs

On 1943 scientist A. Maslow presented his approach for human needs categorization - Maslow's Hierarchy of Needs. As authors indicated in paper's introduction, there are many other attempts to categorize human needs, for instance, McClelland (McClelland's theory of needs), Alderfer (Alderfer's human needs EGR theory) or Robbins (Six core human needs), but Maslow's approach has remain to be as one of the most recognized approaches. Therefore instead of investigating and comparing different human need models, authors will stick with the classical Maslow's hierarchy of needs. (Maslow, 1943; McClelland, 1961; Alderfer, 1969; Robbins, 2005)

Maslow has identified five basic human needs which are ranked in a hierarchy. Maslow hierarchy of needs is given in Figure 1 illustrated below.

Figure 1. The Illustration of Maslow's Hierarchy of Needs

Source: Authors' construction based on A. H. Maslow's research A theory of human motivation (1943).

As Figure 1 shows, Maslow suggested to classify the hierarchy of needs into five levels – from physiological needs to safety, love, esteem, and self-actualization needs. He argued that each next level of needs becomes actual after previous level of needs is satisfactorily fulfilled. Next authors explain these levels from today's perspective, and take into consideration different other authors' remarks of Maslow's provided hierarchy of needs.

As Maslow has identified, five basic human needs are:

1) Physiological needs – first level of Maslow's needs hierarchy includes the most basic needs for human survival, such as oxygen, food, water, sex and sleep. When physiological needs are not fully satisfied, it can result in physical or emotional discomfort and threaten health or even survival. (Avradinis, 2013)

2) Safety – safety needs are also recognized as basic needs. These needs are activated when physiological needs are satisfied. Safety needs include four types of securities: personal security, financial security, health and well-being, and safety against unexpected events such as illness or accidents. (Stum, 2001)

3) Social belonging – these can be different kind as relationship needs. These needs are highly social in nature. Main types of relationships as needs are family-relationships, friendship-relationships and intimacy or love. (Tikkanen, 2007)

4) Esteem – these needs emerges after customer fulfills its social belonging needs. Esteem level of needs will be achieved after he or she feel comfortable with latest accomplishments. This is also success level or status from customer him- or herself as well as other people. (Zakaria, 2014)

5) Self-actualization – Maslow argued that all the human beings aspire to become self-actualizing. According to researchers Taormina and Gao self-actualization needs are the hardest ones to define because of their beingness at the highest level of Maslow pyramid. (Stephens, 2000; Taormina, 2013)

As mentioned above, such classification is perceived as universal approach and can be applied large audiences (because the larger the audience is the more universal or vague approach should be used in its analysis). Typically widest audiences are served by largest

brands which at the same time are also most valuable brands. Such brands are designed so they could successfully resonate with needs of larger audiences. Therefore before investigating with what audience needs world's largest (or – most valuable) brands resonate, authors determine and briefly analyze the world's most valuable brands. That is being done in next section of paper.

3. Analysis of World's Most Valuable Brands.

Brand's performance in market mainly is a result of effective marketing mix (product, price, place, promotion) management. Through marketing mix elements the human needs can also effectively resonated. Brands which does it most effectively on a large scale results in highest brand value.

Brand valuation is performed by several companies. Different brand-analyst companies use different approaches for brand valuation. Most of brand valuation methods includes evaluation of:

1. Brand financial performance. Financial performance of the brand reflects an organization's raw financial return to the investors and it is analyzed as economic profit which is determined by subtracting taxes from net operating profit to arrive at net operating profit after tax (NOPAT). From NOPAT, subtract a capital charge to account for the capital used to generate the brand's revenues, yielding the economic profit for each year analyzed. The capital charge rate is set by the industry-weighted average cost of capital. The financial performance is analyzed for a five-year forecast and for a terminal value. The terminal value represents the brand's expected performance beyond the forecast period. The economic profit that is calculated is then multiplied by the role of brand (a percentage) to determine the branded earnings that contribute to the valuation total. (Keller, 2013)

2. Role of brand. This component determines the portion of the customer decision to purchase that is attributable to the brand – unique of other purchase motives, for instance price or features of product. Here, role of brand reflects the quantity of demand for branded product that exceeds what the demand would be for the same product without a brand. The role of brand can be determined in different ways such as primary research, a review of historical roles of brand for companies in that industry, as well as expert panel assessment. In order to determine the amount of branded earnings that contribute to the valuation total, the percentage for the role of brand is multiplied by the economic profit of the branded products. (Keller, 2013)

3. Brand strength. This component measures the brand's ability to secure the delivery of expected future earnings. Usually, the brand strength is expressed on a 0-100 scale based on an 10 dimensions of brand activation. Performance in these dimensions is evaluated relative to other brands among the industry. The brand strength determines a discount rate, through a proprietary algorithm. That rate is used to discount branded earnings back to present value, based on the assumption that the brand will be able to overcome possible obstacles and deliver the expected earnings. (Keller, 2013)

Next, authors do brief analysis of TOP 50 most valuable brands. For brand analysis authors use most recent lists of most valuable brands. Different usage of brand valuation methods explains why different brand names appear in different publishers brand rankings. In

order to get more appropriate results, authors compare three different lists of TOP 50 most valuable brands which are published by three of the most recognized publishers – BrandZ, Forbes, and Brandirectory. (Kantar Millward Brown, 2017; Forbes, 2017; Brand Finance, 2017)

First, authors compares all three lists of most valuable brands and determines that 24 brands names appear in all three top 50 lists. Therefore further analysis will be based on determined 24 brand names which are – Google, Apple, Microsoft, Amazon, Facebook, AT&T, IBM, McDonalds, Verizon, Malboro, Coca-Cola, Wells Fargo, UPS, Disney, GE, Starbucks, The Home Depot, Nike, Toyota, Walmart, BMW, Samsung, Mercedes Benz and Oracle.

After analyzing brand's industry structure authors conclude that 8 of 24 of world's most valuable brands are representing technology industry, 4 of 24 brands are representing catering industry, 3 of 24 brands are representing auto manufacturing industry, and 2 of 24 brands are representing telecommunications industry. Rest of the brands are from different industries, including: tobacco, finance, shipping, entertainment, and retail. Brand GE represents multiple industries. Therefore authors concludes that the most represented industries among world's most valuable brands are technology and catering industries.

In next section authors evaluate what (if any) Maslow's human needs world's most valuable brands resonate.

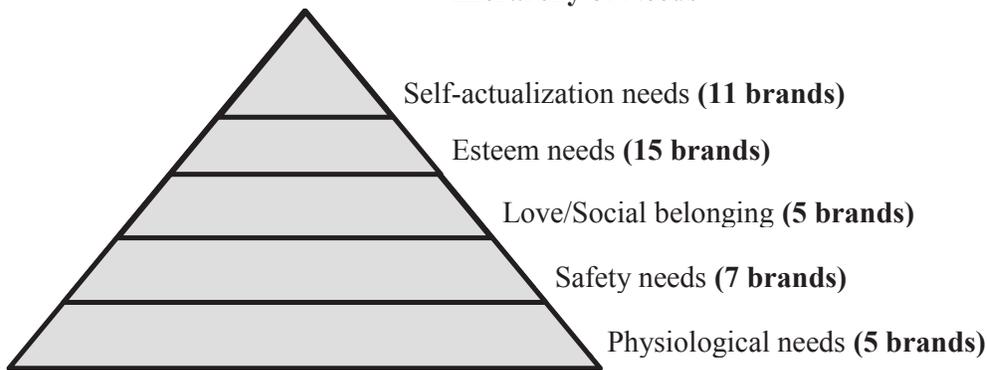
4. Analysis of Maslow's needs resonation in world's most valuable brands

Authors argues that “product” and “promotion” has the biggest potential of all four marketing mix elements to resonate certain human needs. Such assumption can be made because people are buying products to satisfy particular need. If it is functional need then product's aspect plays the main role in customer decision making process. If it is emotional need, then the product promotion role will strongly affect the outcome of customer decision making process. Authors agree that all the other marketing mix elements are important as well, but at the same other marketing mix elements such as place and price deals more with managerial issues, and therefore management of these elements comes after the determination product itself and its promotion. Therefore authors will only analyze the connection between (1) different levels of human needs and (2) product and its promotion.

Regarding to research methodology – authors determines how different Maslow's needs resonates with world's most valuable brands by evaluating products of each brands, as well as interpreting brand's promotional activities which includes advertisement across mass-communication channels, viral marketing efforts, website and communication in social media platforms.

Technology industry primarily allows customers to satisfy their esteem and self-actualization needs while catering industry allows customers to satisfy one of the basic human need – need for food. In order to gain greater understanding which of the Maslow pyramid needs different brand products satisfies, authors identifies products and one to two needs which these products strives to satisfy. Summarized results are provided in figure 2 below.

Figure 2. World's Most Valuable Brands Products' Resonation With Maslow's Hierarchy of Needs

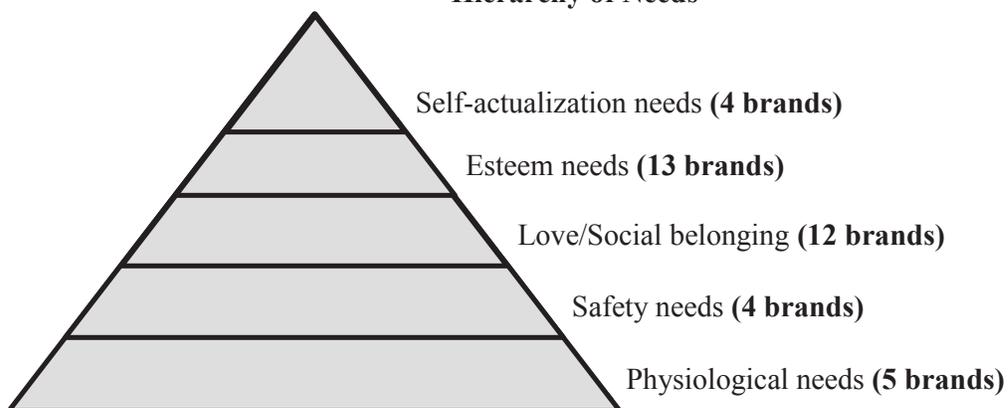


Source: Authors' construction based on A. H. Maslow's research A theory of human motivation (1943), and Authors' research results.

According to figure 2 significant portion of products of the world's most valuable brands primarily satisfies esteem and self-actualization needs. Authors suggests that it partly because people are likely to behave less rational (such as overpay for product's functional features) more if they are striving to satisfy esteem or self-actualization needs. Other reason is product's brand, which holds great potential for satisfying customers emotional needs. And customers emotional needs most of the time deals with self-esteem and self-actualization. As mentioned earlier, Maslow's hierarchy of needs is constructed based on assumption that all the human beings are striving to fulfill their self-actualization needs (which may truly become actual only after customer has satisfied all the previous levels of needs). Authors will analyze results as well as give their interpretations of results in next paper section (after analyzing brands' promotional aspect in terms of their resonation with Maslow's pyramid).

Next authors analyzes brands' promotion aspect, in particular, which of the Maslow needs' activation and satisfaction brand's promotion communicates. Results of such analysis are summarized in figure 3.

Figure 3. World's Most Valuable Brands' Promotion Resonation With Maslow's Hierarchy of Needs



Source: Authors' construction based on A. H. Maslow's research A theory of human motivation (1943), and Authors' research results.

After analyzing brands promotions and their interaction with communicating certain levels of Maslow's hierarchy of needs (figure 3), authors conclude that significant part of promotion communicates satisfaction of self-esteem needs and satisfaction of love/belonging needs. This proves that most valuable brands promotion are designed to communicate their ability to satisfy the esteem needs. There are several explanations for emphasis on Maslow's pyramids middle needs (love/belonging) strong appearance in results. First reason is interpretation. Since many brand communications are somewhat abstract, it can lead to slightly fuzzy judgements about which need's satisfaction brand's promotion reflects. Fuzziness can be decreased by inviting other independent experts to share their opinions on brand promotions across different communication platforms.

Regarding to Maslow's hierarchy of needs third level, social/belonging needs heavily deals with esteem needs, because esteem needs can be divided into two groups one of which is esteem received from others. Second reason deal with social proof which according to researcher R. Cialdini is one of six basic customer persuaders. By including social proof elements in their promotion, brands indirectly maintain association that the brand is accepted by large customer audiences. (Cialdini, 2006)

5. Results and discussion

As authors' analysis shows, technology-related brands have the biggest potential to attain outstanding positions among the world's most valuable brands, because one third or 8 of 24 companies in worlds most valuable brand lists representing technology industry.

Findings shows that most valuable brands are the ones who primarily satisfies customer self-esteem and self-actualization needs. Authors suggests that it is because the more higher level of Maslow's pyramid's needs customer is trying to fulfill, the more he is ready to pay for such need's fulfillment. Therefore most of the brands strives to emphasize their potential to fully satisfy esteem and self-actualization needs.

Thus in each of three world's most valuable brand lists the first and second position is shared by two giants of technology industry – Google and Apple. These two brands resonate not only their ability to satisfy esteem and self-actualization needs, but also making references to their ability to satisfy human's physiological needs. Apple – by its brand name (Apple), and Google by one of its key products name – mobile operation systems Android, which are named after specific food names including cupcake, marshmallow, donut and jelly bean.

However, tendency to emphasize brand's ability to satisfy most basic human needs is not observed among other non-catering brands. This arises question for further researches – does resonating brand with most basic human needs (air, water, food, sex, sleep) stimulates brand's acceptance among customers and increases brands value? One way to answer this question is to explore brands in different lists such as list of fortune 500 companies, and do in-depth analysis for their product promotions. Therefore authors makes recommendation for themselves to extend the research scale to Fortuna 500 companies.

While during the research authors concluded that completely different brand valuation methods leads to different brand rankings in most valuable brand lists. This could potentially lead to inappropriate conclusions. In order to overcome this issue, authors analyzed those brands which appeared in all three of the most recognized valuable brand lists. At the same

time authors suggest brand valuation companies to agree on of develop and use single-universal brand valuation method in order to help analysts and researchers to draw more appropriate conclusions and recommendations on brands overall performance.

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