UNDERSTANDING NEED WANT AND DEMAND

Needs, wants and demands are 3 important terms in marketing. No matter how similar they might seem, there are more differences in these terms that you might think. There are many layers within them and they play a vital role in arriving at segmenting the TG, targeting a particular target group and most importantly defining a sharp positioning for a brand.

**Needs**

“Needs” is the basic human requirements like shelter, clothes, food, water, etc. which are essential for human beings to survive. If we extend this further, other needs are education, healthcare or even a social thing, for example, belonging to a certain society or self-expression. One can say that the products which fall under the **needs category** of products do not require a push. Instead the customer buys it themselves. But it’s actually not true. in today’s world with thousands of brands competing in the same categories with identical offerings satisfying the same needs, even the “needs category product” has to be pushed in the consumers’ mind. Example of **needs** category products / sectors – Agriculture sector, Real Estate, Healthcare etc.

We all know about Maslow’s hierarchy of needs which categorizes needs into 5 levels starting from physiological needs at the bottom and going up to self-actualization needs. But what’s important as a marketer to know which level of need is your brand targeted to. Let’s look at some of the examples of brands which are targeting different levels of needs

1.     **Physiological Needs** – Food companies (Nestle, Pepsi, Coca Cola)

2.     **Safety Needs –** Insurance companies (ICICI Prudential, Tata AIG, HDFC Life)

3.     **Social Needs** – Social networking sites (Facebook, Twitter, Instagram)

4.     **Esteem Needs** – Luxury brands (iPhone, Mercedes, Estee Lauder)

5.     **Self-actualization needs** – Non-Profit organizations and NGOs (UNICEF, Teach for India)

In marketing, there is another way to categorize needs. There are basically five types of consumers’ needs:

1.     **Stated Needs –** As the name suggests, in this case, the consumer explicitly states what he wants. For eg. “I need a phone”.

2.     **Real needs** – This is more specific. So when the consumer wants a phone to remain connected to his friends, family and colleagues, the actual need be a phone with high battery backup and not high camera resolution.

3.     **Unstated needs** – The consumer also expects warranty and other sorts of after sales service when buying a phone which he might not say explicitly.

4.     **Delight needs –** The consumer would like the phone manufacturer or the dealer to give him some free gift or a promotional item (phone case, tempered glass, free SIM etc.), but he doesn’t clearly express that he wants something with the phone.

5.     **Secret Needs** – These are the needs which the consumer feels reluctant to admit; for example the consumer wants the phone for his status symbol but he feels uncomfortable to admit that status is important to him.

In the above example, responding to only stated need ie., “I need a phone” doesn’t help in arriving at a right product proposition. As a marketer, it is important to dig deeper and uncover not only the real, but also his other needs: unstated need, delight need and secret needs.

**Wants**

"Wants" are a step ahead of needs Wants aren’t essential for humans to survive, but it’s associated with needsSimply put, A want is a product desired by a customer that is **not** required for us to survive. So, want is the complete opposite of need, which is essential for our survival. Wants aren’t permanent and it regularly changes. As time passes, people and location change, wants change accordingly.

 Wants are directed by our surrounding towards reaching certain needs. Therefore, human’s wants can be varied depending on each individual’s perception, environment, culture, and society. For example, an Indian needs food but he may want a Dosa or Paratha while an American may want Burger or Sandwich. Example of **wants** category products / sectors – Hospitality industry, Electronics, FMCG, Consumer Durables etc.

**Demands**

Wants turn to be **Demands** when a customer **is willing and having the ability to buy that needs or wants.**The basic difference between wants and demands is **desire**. A customer may desire something but he may not be able to fulfill his desire. Consequently, for people, who can afford a desirable product are transforming their wants into demands.In other words, if a customer is willing and able to buy a need or a want, it means that they have a demand for that need or a want.You might want a [BMW](https://www.marketing91.com/marketing-strategy-bmw/) for a car or an iPhone for a phone. But can you actually buy a [BMW](https://www.marketing91.com/marketing-strategy-bmw/) or an Iphone? You can, provided you have the *ability* to buy them. Example of **demands** –Luxury cars, 5 star hotels etc.

Many people want a BMW, but only a few can buy one. So, it’s very crucial that one must measure not only how many people want their product, but also how many are willing and have the ability to buy it.

*So, its not only important to discover different consumer needs, but also to figure out what consumer actually wants and how much is he able to pay ie. how much demand can be created for the product or service.*

*Lastly, let’s try to answer “Can marketing create a need?”. I believe that marketers do not create needs. They might promote some specific products or services, and make people want those products or services for their needs. For example, Marketers might promote the idea that an Insurance can satisfy a person’s need for safety; they do not create the need for safety.*