

The company
microenvironment to
six different
environments
marketing essay



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Levi Strauss and Co. (LSandCO) is a well known privately held clothing company. It was founded in 1853 by Levi Strauss in United States. It is currently one of the world’s largest brand-name apparel marketers with sales in more than 110 countries which included Europe, Japan, Taiwan and others. The company was organized into three geographic divisions: Levi Strauss Americas (LSA), based in the San Francisco headquarters; Levi Strauss Europe, Middle East and Africa (LSEMA), based in Brussels; and Asia Pacific Division (APD), based in Singapore. The company’s apparel products are sold under the brand name of Levi’s®, Dockers® and Levi Strauss Signature® brands. Levi’s, the main brand, was founded in 1873 in San Francisco. It is specializing in riveted denim jeans and different lines of casual and street fashion. From 1960 -1970, Levi Strauss had experienced explosive growth in its business as the “ blue jeans craze” effect explodes around the world. It helped the company to expand its business to worldwide. This company was privately held by descendants of the family of Levi Strauss and it has employed a staff of approximately 10, 000 worldwide. It has four core values <https://assignbuster.com/the-company-microenvironment-to-six-different-environments-marketing-essay/>

within its organization, which include empathy, originality, integrity and courage. Each value are linked and it is the sources of the company's success.

It have establish four vision maintain their success in market, they include: “ We will market and distribute the most appealing and widely worn apparel brands”, “ People love our clothes and trust our company”, “ Our products define quality, style and function”, “ We will clothe the world”.

Levi's key philosophy “ Adopt, Adapt, Invent – To Grow” encourages teams to share their awesome ideas, products and practices across the company. They embedded this philosophy in their brands and business which resulted greater speed to market, consistency and efficiency worldwide. With great products, we need to know how to sell them to consumers. “ Sell Where People Shop” is one of Levi's marketing strategy, they invested in expanding its outlets and improving the availability of their products. They already have an online store which is quite convenience for consumers who wish to purchase Levi's goods through internet. Even though they already have 1500 stores worldwide, they intend to continue expanding and enhancing retail presence.

Executive Summary

The marketing plan for Levi's has been created to inform employees of the firm's current status and direction. Levi's wants to add new product lines. After conducting SWOT analysis on Levi's Strauss & Co, we think that Levi's has more potential that what it's showing right now. Levi's is already working with other companies and launch different products other than jeans itself.
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For example, its new mobile phone. Levi's should produce more products with creative design with quality control to attract the young generations. In addition, Levi's could have invested or do research and involve in other industries or produce new product. For example, clothing for pets.

Microenvironment

The company microenvironment has distinguished to six different environments, which is:

The company

Supplier

Marketing intermediaries

Customers

Competitors

Publics

The internal environment of Levi's company included the company management, finance, R&D, purchasing, operating, accounting. The company executive of Levi's has total 131 executives in the United State. The main executives are Chief Executive Officer, Chief Financial Officer and Executive Vice President, Senior Vice President and President of North America Region, Senior Vice President and President of European Division, and Senior Vice President and President of Levi Strauss Asia Pacific.

Supplier is the company that provide the resources to produce goods and services. A new information management system is currently being rolled-out to Levi's suppliers which, when fully operational, will enable the company to collect and track energy use data from their suppliers, as well as optimize the data collection efforts. This system will provide a more complete picture of Levi's supply chain's climate change impact and identify opportunities for policy change.

Marketing intermediaries included reseller, marketing services agencies. Resellers are the distribution channel firms that help the company to find customers or make sales to them, which included wholesalers and retailer.

Levi's company has their outlet in more than 110 countries in the worldwide, and customer may browse for and purchase Levi's® products online from their authorized retail partners.

Levi's company does choose local advertising agency, this is because using a local advertising agency makes this possible since they are likely to have a strong understanding of the reasons that consumers are interested in products.

The competitor of Levi's company, such as Calvin Klien has successfully taken the market from Levi's due to heavy advertising and branding. Some of the marketing strategies that competitors used to differentiate their product and brand included:

Up-to-date European product designs, such as low-rise, tighter and advertise jeans as " designer."

These advertisements were used as a barrier to entry, because of spurious product differentiation. Although Levi's jeans may be physically the same as its competitor, consumer preferences are affected by brand name.

In addition to the idea of branding, Levi's largest consumer markets were Baby Boomers, and by the time competitors increased in the 1980s, Levi's brand was perceived to be "" mommy jeans". This reinforced the more youthful perception of other brands.

The public is any group that has an actual or potential interest in or impact on an organization ability to achieve its objective, it included financial publics, media publics, government publics, citizen-action publics, local publics, general publics and internal publics.

Financial publics influence the company's ability to obtain funds. Media publics carry news, features and editorial opinion. Government publics influence product safety sand truth in advertising. Citizen-action publics include consumer organizations, environment groups, and minority groups. Local publics include neighbourhood residents and community organization. General publics influence the company's public image. Internal publics include workers, managers, volunteers, and director.

Marcoenvironment

Within the rapidly changing global picture, the marketers of Levi's are monitoring the following six environment forces

Demographic environment

Economic environment

Political and social environment.

Cultural environment.

Natural environment

Technology environment

Demographic environment

Demographic environment is important to company because is the study of human population in the term of sizes, density, location, age, gender and so on. There are some Demographic trends such as age, family structure, geographic population shift, educational characteristics and population diversity.

There are three changing age structure of the population which are baby boomers, generation x and generation y.

Baby boomers are people who is born between 1946 and 1964. Represents 28% of the population; earn 50% of personal income. This generation will enter peak earning years as they mature. They play important role in buying the Levi jeans, the baby boomers had adopted jeans as a symbol of their break with the taste and traditions of their parent's . However, the baby boomers were looking for different but they still wanted clothing that was comfortable and made from natural, which Levis jean is made from 100% organic cotton.

Generation x includes people born between 1965 and 1976. Levi Strauss has made a concerted effort to redefine its image and regain lost market share. The company discontinued its sixty-seven-year relationship with advertising agency Foote, Cone and Belding to create new advertising campaigns targeted at Generation X. The one-time uniform of youthful rebellion, which was worn by James Dean in *Rebel without a Cause* and Marlon Brando in *The Wild One*, was now abandoned by Gen x. For them Levi's were not "cool" anymore. They were replaced by The Gap, Inc.

Generation y includes people born between 1977 and 2000 . This generation is internet generation. As Generation Y choices have been driven by faddishness and rebellion. It is hard for Levi attracts the generation y to buy its jean . Having grown up in an even more media-saturated, brand-conscious world than their parents, they respond to advertising differently, and they prefer to encounter those advertising in different places. The marketers that capture Generation Y's attention do so by bringing their messages to the places these kids congregate, whether it's the Internet, a snowboarding tournament, or cable TV.

Economic environment

Economic environment consists of factors that affect consumer purchasing power and spending pattern both across and within the world, markets.

Changing economic condition can have a big impact on even the most successful companies like Levi. In this recently economic downturn, many companies especially Levi sale has affected. People start to saving rather than spending on the Levi jeans. A change in consumer spending pattern has <https://assignbuster.com/the-company-microenvironment-to-six-different-environments-marketing-essay/>

affected the customer buying behavior according to Ernst-Engel's law. When income rises, the percentage spent on food will decline as well as reduce spending on Levi products.

Political and social environment.

Marketing decision are strongly affected by the developments in the political environment . This political environment consists of laws, government agencies and pressure groups that influence various organization as well as individual in a given society.

In order to Protect Levi trademarks from unfair competition and other factors.

In Philippines, Levi and co. has identified three specific priorities with respect to protect Levi trademarks which are

Equal enforcement for all industries

improvement in the efficiency of the courts

Prevention of copycat registrations of globally famous trademarks.

More than two decades ago, Levi was among the first companies to raise awareness about HIV AIDS. Thus, Levi has successfully to attract new customer because of the program.

Not only that , Levi has been working for the past two years with other apparel brands, as well as non-governmental organizations, to stop the practice of using child labor in harvesting cotton in Uzbekistan.

The cultural environment

The cultural environment is made up of institutions and other forces that affect a society's basic value, perceptions, preference and behavior. People grow up in a particular society will shapes their basic and values differently.

The customer who believe that after wearing Levi jeans would make them that looks more mature and as a symbol of their break with the taste and traditions of their parent's will encourage them to buy more of Levi brands.

Apart from that is people's view of nature. People varies in their attitude toward the natural world-some feel ruled by it, others feel in harmony with it, and other seeks to master it. Customers who love natural and will be going to buy or seek for the Levi jean although they feel Levi jean is out of date compare to J. C. Penney & Co because in July 5, 2006, Levi has made announced it will include jeans made with 100% organic cotton. For customer who love natural will eventually seek out everything from natural, organic and so on . This segment spends nearly \$215 billion annually on such product.

Natural environment

Natural environment involved that natural resources that are needed as input by marketers or that are affected by marketing activities. Levi is aware of several trends in the natural environment such as growing shortages of raw materials, increased pollution, and increased government invention in natural resources management. Turning to the lack of resources and to improve the environment, Levi Company is aware that cotton farming

requires significant amounts of water and pesticide so in July 5, 2006, Levi has made announced it will include jeans made with 100% organic cotton. That has led Levi to produce apparel made from recycled soda pop and blended organic cotton. Not only that, Levi's recent marketing campaign asked consumers to trade in their old jeans, which could then be recycled by Levi for its own commercial use . All external packaging will be made from organic fabric or recycled paper and printed with soy-based ink. By doing so it will help the overcome the storages of raw material as well as decrease the pollution.

Technology environment

When old industries ignore to adopt a new technology, their business will decline. Thus, Levi needs to watch the technological environment closely. For example, making jean from using hand made and after a new technology has been adopted they start to use machine. It becomes faster and effective. The technology environment is the most dramatic force now shaping Levi destiny. Levi has created a powerful project management tool that helped establish significant visibility and profitability across the global IT organization. Levi makes use of the electronic data interchange system to order and monitor stock levels with their customers such as major department stores in order to avoid costly stock out but in less developed country.

SWOT analysis

SWOT analysis is an important strategic planning tool that assists planners in their planning tasks. SWOT stands for strength, weaknesses, opportunities
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and threats. The analysis provides a critical view of an organization internal and external environment.

Strength

Levi's has operated up to 136 years of time, Levi's is the first to produce jeans in the world, with this originality, it has an upper hand compare to other clothing companies. Levi's has 1500 stores worldwide which involves 1300 franchised outlets and 200 company operated stores. In year 2007, Levi's has total revenue of \$4. 361 billion compare to \$4. 193 billion in year 2006. With total revenue increased, total debt decreased from \$2. 217 billion to \$1. 960 billion. This clearly shows that Levi's is financially strong.

Currently, Levi's is standing at 86 in Fortune 500. It is also the top company in textile industry.

Rank

Company

State

Industry

Revenue (\$bil)

Employees

86

Levi Strauss & Co

CA

Textile – Apparel Clothing

4. 36

11, 550

180

WL Gore & Associates

DE

Textile – Apparel Clothing

2. 40 e

8, 500

202

Milliken & Co

SC

Textile – Apparel Clothing

2. 27 e

10, 000

402

Williamson-Dickie Manufacturing

TX

Textile – Apparel Clothing

1. 15 e

4, 160

437

Kellwood

MO

Textile – Apparel Clothing

1. 00 1

25, 000

Weakness

According several surveys especially the younger generation, it is said that Levi's design is not up to date and creative even though the quality of the jeans are better than the other products. Levi's design can be imitate easily by its competitors especially jeans' pocket design. Even though Levi's originated denim jeans but it is losing its status as leading jeans brand as there is a lot new companies which are capable to produce jeans that match them in terms of quality and design. Hence, this will no doubt affect the total revenue. The following is an example Levi's design being copied.

Opportunities

Levi's is doing quite well financially; it is investing in other industries such as mobile industry. Levi's is working with ModeLabs and launched several mobile phones in November 2007. Internet is playing a vital role in today business; Levi's has already set up an online store for consumers to purchase their products through internet. With this competitive advantage, Levi's total revenue will increase.

Threats

With the current credit crunch, many nowadays don't wish to spend more on branded goods. Consumers tend to look for cheaper products than Levi's products, lesser demands in the market for Levi's jeans will result surplus which will hit Levi's badly. In addition, there is pirated version of Levi's products which consumers can get in a much cheaper price. These pirated products look alike compare to Levi's original product; consumers are willing to buy the pirated version. Lastly, Levi's is facing a stiff competition from its competitors which are well recognized worldwide such as Tough, Pull & Bear and Esprit.

Findings

SWOT analysis shows that Levi's has a big market share and it has a strong financial background. It is still the number one company in its industry. However, Levi's is facing several imitation problems which became more severe in recent years. This is will no doubt affect its profit. Nevertheless, Levi's is working with ModeLabs and launched a new product which is a mobile phone. This shows Levi's still has a lot more to offer in other

industries. Even though Levi's jeans are original and good in quality but the <https://assignbuster.com/the-company-microenvironment-to-six-different-environments-marketing-essay/>

designs remained unchanged and it seems boring to the young generations. Its competitors like Tough, Pull & Bear and Espirit will capitalize on this weakness and gain an advantage on Levi's.

Segmentation

As mentioned above, one of Levi's marketing strategy " Sell Where People Shop". This involves segmentation. Four bases for segmenting consumer markets which are geographic segmentation, demographic segmentation, psychographic segmentation and product-related segmentation.

" Sell where people shop", Levi's has launched and opened a lot of outlets in new area which catches a lot attention. For example, they prefer to open a branch in a city rather than rural area. This is due to total population and purchasing power in a city is much larger than rural area, this eventually will lead them to gain bigger market share. This is what marketers call geographic segmentation.

Demographic segmentation also called socioeconomic segmentation; Levi's has come out with various products which are segmented by different characteristics. For example, they have launch Levi's Curves for ladies, its products is in form-flattering jeans. In addition, Levi's focus more on adults. Their target market is more towards the adults as they have greater purchasing power.

For psychographic segmentation, it relates groups in the population who have similar psychological characteristics, values and lifestyles. The reason Levi's target market is on big population area because people in big cities

prefer branded products because it shows higher status of them. Since Levi's is a very famous brand, consumers love to purchase and use their products.

Product-related segmentation, division of a population into homogenous groups based on their relationship to the product. Levi's segment their products according what customers need; every consumer has their own preference in purchasing Levi's products. For those who prefer formal clothing, they will purchase Dockers'.

Recommendations

We have come up a marketing plan that Levi's should have approach long ago. After a few sessions of discussions, we have come to a conclusion that Levi's should enter pets' wear market. If Levi's step into this market, what will be the strength, weaknesses, opportunities and threats. Proudly presenting our new product: LeviPets.

SWOT analysis

Strength

No doubt Levi's is a well recognized brand in the society, if Levi's enters pets' wear market, it will be the first branded product for pets. Nowadays, new generation is more than willing to purchase nice clothing for their pets especially dogs and cats. With this new product LeviPets popping out in the market, adults will purchase these new clothing for their beloved pets as they want the best for their pets.

Weaknesses

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All along, Levi's products are for human usage. They haven't tried before in producing clothing for pets, perhaps they haven't acquired the correct method and technology to produce it. This trial and error require time and cost before Levi's can produce a decent product for pets before they can launch it in the market.

Opportunities

Based on the BCG Matrix model, we come to a conclusion that LeviPets is in the Question Mark quadrant. It is a new venture, though it is risky, it might become a shining star in pets' wear industry. When this happen, Levi's will gain more on profit and become a leader in pets' wear market.

Threats

LeviPets will face several competitors in this market as there are several companies who are doing quite well in this market. LeviPets is a new entrant in the market and it will definitely go through a competitive period competing with the other companies.

Marketing Strategy

Segmentation:

Our target market is younger generation who owns a pet; they enjoy decorating their pet dogs or cats and then showing them to their relatives and friends. By doing so, they have to spend a sufficient amount of money on purchasing goods to put on their pets so they would look great in it.

Besides that, we also focus on couples or married couples who do not plan to

have children. They prefer to have a pet in their life and they treat their pet as part of family, so they are willing to spend on the pets.

Promotion:

In order to make people aware of this product as fast as possible, the best way is to put the products in an advertisement which display one old item and LeviPets. For example, a model is wearing Levi's Curves is walking a dog which is wearing the new launched product LeviPets. This will no doubt draw attention from the public.

Product:

To produce LeviPets, we will use the same technology together with the new acquired technique and formula. This will ensure the quality of LeviPets is compatible with existing Levi's products. In doing so, quality is controlled.

Place:

We are still using the same idea which is " Sell Where People Shop"; we will place our products in pets shop for example Safari Planet in IKADO. We will also start up an invisible company or what we basically know as online store. With this, we will obtain more market share.

Price:

First we set the price as par as the other existing products so that consumers will give it a try. In economic wise, if the new product gets a very good respond from the public. We assume that price elasticity of demand of

LeviPets is inelastic where quantity demanded for it will not respond much if we increase the price. That is the time where LeviPets will be shining star in the market.

We have done a SWOT analysis on Levi's.

Using the SWOT analysis, we have come out with a new marketing plan which contains a new product and new SWOT analysis.

In conclusion, we have done overall research on Levi's.

In conclusion, we have an in depth knowledge regarding Levi's company by conducting a SWOT analysis and also studied what is Levi's marketing strategy. In doing so, we downloaded an annual report of Levi's. There we analyze the company's background and its operation. Then, we came out with our own marketing plan using the earlier SWOT analysis. The marketing includes a new product which Levi's should come out with. Throughout this project, we get to know how to use 4Ps to write out a marketing plan even though the marketing plan is not really complete. We also learn how to work things out together.

Conclusion

Levi Strauss & Company had most of its early success because the firm was behaving monopolistically. The company patented the riveted jeans, increasing durability, and gaining popularity. Over the years, the company maintained profits by providing a wide range of products, capturing new markets, and increasing its market shares. The company created barriers to entry by patents and trademarks, and by differentiating its product from <https://assignbuster.com/the-company-microenvironment-to-six-different-environments-marketing-essay/>

generic jeans. However as more firms entered the market, the company started losing customers and incurring losses. The upstart companies captured niche market shares from Levi's immense market domination. Despite these reductions of sales, Levi Strauss & Co. maintained its corporate responsible image and progressive stance on social, labour, and environmental issues, which may have long long-run profit opportunities.

For this assignment we have done a research on Levi Strauss & Co. (LS&CO). We have learned a Levi's key philosophy " Adopt, Adapt, Invent - To Grow" encourages teams to share their awesome ideas, products and practices across the company.

We learned about various analysis methods, for example, environment, SWOT and segmentation. Environment analysis includes the micro and macro environment of the company, as for SWOT, how we could exploit the strength and opportunities, and further improve on the weaknesses and overcome threats. It is in an ultra-competitive environment; therefore need to use SWOT analysis to assist in building the marketing strategy.

In conclusion, the theories that we learn now can be apply in the real business world.