

Marketing analysis of levi strauss and co marketing essay



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Even though Levi's brand image is very strong, it cannot sustain its brand image any longer as a result of missed fashion trends. Levi has to come up with new strategies to rise above its competitors that have introduced new fashion trends and low price products to the clothing market. Its main competitors including Lee, Wrangler, Pepe Jeans, Spykar have also formed its very strong and rigid brand images in the market by making their products at medium to low cost and carry on to gain apparent value in the industry. The clothing industry is now a very established industry with several competitors. The competitors has on offer very similar products, also they have the same services that Levi can produce.

Therefore, it is very important to have a product differentiation that will be the added advantage in order to increase the perceived value of the new product.

Organization

Levi Strauss & Co. is a multinational corporation divided into three major geographic divisions: Levi Strauss Americas (LSA), The LSA is based in the San Francisco and has its headquarters at this locations itself; Levi Strauss Europe(LSE), Which operates over Europe, Middle East and Africa (LSEMA), the LSEMA is based in Brussels, Asia Pacific Division (APD), which is located in Singapore The company employs approximately 10, 500 people worldwide, including approximately 1, 000 people at its headquarters at San Francisco, California. Levi's owns and develops a few brands. Levi's, the main brand, was founded in San Francisco, California in 1873, which is expertise in riveted denim jeans, street fashion and many different lines of casual. Since early 1960s through the mid 1970s, Levi Strauss experienced

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tremendous increase in its business as the very casual look of the 1960s and 1970s ushered in the “ blue jeans craze”. and served as a medium for the brand. Levi’s, under the direction of Paul Glasco, Peter Haas Sr., George P. Simpkins Sr., and Jay Walter Haas Sr. increased the company’s clothing line by introducing new fashions and models

The company attempted to sell the Dockers division in 2004 to relieve part of the company’s \$2 billion outstanding debt. In the year 2003, levies has launched a new brand called Levi Strauss Signature, features Jeanswear and casualwear. In November 2007, the company launched a mobile phone in co-operation with ModeLabs. Many of the phone’s cosmetic attributes are subject to modify and change according to the preference of the customer at the point of purchase. Levi Strauss & Co currently makes jeans in approximately 108 sizes and 20 finish fabrics. With 2007 net sales of \$4. 1 billion, the company is dedicated to building upon strong legacy and brand equity as they position the company for future growth.

BRANDS:

Levi’s®: Since their creation in 1873, Levi’s® jeans have become one of the most flourishing and broadly accepted brands in the history of the clothing industry.

Dockers® :

The Dockers® brand is pioneered the progress toward business informal and has led the U. S. Khaki category in 1986, and is now offered in several countries.

Levi Strauss Signature™:

Levi Strauss launches new brand Levi Strauss Signature™ in 2003. The launch of the Levi Strauss Signature™ brand, giving value consumers high-quality and fashionable clothing from a company on which the consumers trust.

PEST Analysis- Political/Legal factors

Promotional activities are regulated in all countries by legislation. There has been variety of adaptations were required in local markets. For example, the original commercial had to be re-shot in Australia and Brazil because the local regulations insisted on domestic produced commercials (Jeannet et al., 1998). With respect to channel of distribution, there are few legal restraints upon the choice of distribution channel. But, there are few exceptions such China and France's prohibition against door to door selling which may not be particularly applicable to jeans.

Economic factors

The economic factors are very important in enhancing adaptation. Local markets vary enormously by their disposable income per capita. Hence standardising prices for all countries would mean that the market in the poor countries would be reduced for jeans. Prices for jeans do vary very substantially between markets and this price discrimination may be partly for reasons of income but be also because of the severity of competition and the inaccessibility of the territory. For example, standard Levi jeans in the UK sells for approximately £46 whilst in certain US states £20 is the norm.

Distribution channels might require adaptation with respect to the development of local market. The full range of selling patterns employed for advanced markets cannot be deployed in poorer ones.

Socio/cultural factors

Socio-cultural consists of religion, language, ethnics, customers perceptions and values. Levi's wishes to minimise the degree to which culture prevents them from producing standardised promotional campaigns. In addition to the <https://assignbuster.com/marketing-analysis-of-levi-strauss-and-co-marketing-essay/>

effect on the design of adverts, cultural differences have linguistic implication with regard to the product name. The brand name of product is a key element of its promotion but care has to be exercised to avoid causing offence in translation or using symbols that do not have the same significance worldwide.

Technological factors

Technological factors refers whether the local market has enough developed technologies to take full advantage of the product. The use of good technologies are essential to make full use of the different of promotional methods such as television or Web sites. Similar the use of high technology is vital for distribution of the product. For example, whether consumers can utilise online home shopping facilities. In less developed countries, for example in Africa, where such technologies are in rather inchoate stage, adaptation is required such that a greater extent of use is made of more traditional methods.

SWOT Analysis

Strengths

Levi's brand image is its biggest strength. With all the competition in the apparel industry, Levi's differentiates itself from its competitors by the capability to brand products through strong brand image. According to company's website Levi's market its products under leading brand names.

Levi's has numerous retail locations. The company has 67 company operated stores in 10 countries around the world. Also Levi's distributes its products in

various retail formats which includes franchise stores, specialty stores, mass channel retailer and company owned stores.

Weakness

One of Levi's critical weaknesses is that Levi Strauss faces is relying very heavily on few customers. The company in fact rely on a group of important customers for a large percentage of its sales. The Net sales to its ten largest customers is entirely about 43 % of total sales. Hence, Levi's has to make a change in relationship with their customers.

Opportunities

Many opportunities have come to the picture with Levi's continuous growth . The company has been expanding licensing programs to put forward more products that complement its core brand product ranges. Hence, Levi's should be able to produce more profit through licensing relationships.

Moreover, Levi's plans to boost dedicated retail stores for value-conscious consumers in Asia.

Threats

Even though Levi's has cherished many opportunities and great growth through out the company's history, the company must alert of the possible threats

One the most critical threat that Levi's facing is the continuous decrease in the production on cotton globally, as a result of which the price of cotton has increased. This increase in cotton price caused a decrease in production in the year 2009. The Denim is made completely out of cotton, therefore

increased prices of cotton caused a higher raw material cost thus lowered the company margins.

Market Segmentations

Market segmentation refers to the selection of groups of people who will be largely receptive to a product. The very common methods of segmentation comprise Demographic attributes such as sex, age, income race, status, occupation, race and geographic location; psychographic variables such as life-style, interests, opinion and activities; product benefits and product use patterns.

Much segmentation consists of combinations of these methods. No matter how segments are defined, however, they are characterized by considerable change over time. The readings in this section exemplify areas of rapid change.

Basis of Market Segmentation

Demographic segmentation: age, gender, education, occupation, income, and ethnicity

Geographical segmentation: region, climate, population density, and population growth rate

Psychographic segmentation: attitude and lifestyle

Behavioural segmentation: usage rate and patterns, price, brand and benefits sought

Introduction to the New Product – The Double® (Reversible Jeans)

I am introducing new product in Levi's, this would be a complete reversible jeans and which would be called as " The Double®". It's a one pair of jeans with two looks. Genius

One side of this reversible jean is light wash, for a more casual looks, and the other side of the jeans is of dark colour with denim finish, which may be for the night on the city centre, And the other part? You don't even need to go home to change.

With double the customer will be offered by two different looks in almost the same price.

The overnight trip bag just got a lot easier. Just carry one toothbrush, two shirts/tops, ONE PAIR of jeans that function as Double, two jeans.

Night or day, more or less formal... Two jeans are always the best option.

This new jeans will maintain the comfort and the modern design and are meant to be used by both men and women. The Double is a 2 in 1 product which is extremely comfortable and fit.

Target Segment for The Double

The target segment for double would be the Behavioural segment. The reason for this is that it will increase the usage rate of the customer also the customer can take the benefit of two jeans from one jean only, while travelling he/she does not need to carry much stuff. The Double will Levi's Jeans targets its market by evaluating the wants of customers.

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Target Marketing Strategy

Target market strategy for The Double would be to have long-term relations with their customers and to provide them with better product. Levi's has got customer oriented approach by segmentation. Company is promoting its products effectively within segments by print media as well as electronic media, e. g. Newspapers, Signboards, Television commercials, Internet, etc. Company is providing their customers with stylish better quality and different product keeping in view its cost

Limitation of Segmentation:

The Double would face some limitations, for example lack of awareness in middle class, company has to pay extra for multi-advertisement, and in some countries Levi's has to face many cultural barriers.

Impact of Positioning of “ The Double” on Marketing Mix

1. Product: The products refers to the set of tangible and intangible attributes which may include packaging, quality, color, quality and brand, also the company's services and reputation. A product may be a place, service, good or promotion.

The Double®

In respect to The Double – reversible jeans, this will be a new product launched in the market. Which would be absolutely new innovations by Levi's in terms of the jeans usage. These jeans would be made up from a very high quality fibre. These jeans would contain duel color, light at one side and dark at the other, hence one jeans would serve at Two. The Double

would be offered in variety of sizes like 30, 32, 34, 38, 38 inches so that every customer should be able to get the pair of jeans of its size.

The Impact of the Double would be huge on Levi's. The Double would give the upper hand on the market as compared to its other competitor like GAP, Diesel, Lee etc.

The Brand is a name, term, sign, symbol or design that adds value to the products. Levi's & CO. earns remarkable revenues throughout the year because its products are considered to be the world's largest quality products.

Following are some of the main and distinctive features of The Double.

Comfort

The Double and other products of Levi's are comfortable enough to be worn even at the times of protest, war, cultural revolution, relative peace and pure fun.

Durability

The two figures on the patch of Levi's jeans with whips in hand pulling in opposite directions, yet the jeans remain intact. The Double will symbolize the strength and durability of the Patent riveted clothing as Levi's

Style

The Levi's clothing means more than just fabric, rivets and thread. To clothe oneself means to put on something that symbolizes who you are. The Double jeans are available in different styles for men and women.

2. Price

While determining the price company not considered the competitors, but the standard that is used is considered.

Levi's price is influenced by the following factors:

- Cost of the product
- Affordable for the target market
- Demand of the product
- Uniqueness and innovative features of the product

Initially Levi's will set the price of The Double jean to be little higher than its other common selling products. Which is justifiable as this is a new innovation and company has invested lot of money in R&D, moreover The Double would serve as not only one jean but as two jeans, which would strongly justify its high price.

3. Place

Objective

- To balance the demand and supply of The Double at all places.
- To provide Double at right place at right time.

- To increase the brand value by reaching every corner of the world.
- To fulfil the requirement of every locality according to the needs and taste of the people.

Channels of Distributions

Levi's distributes Jeans by its channel members that is through retailers and wholesalers

Strategy for choosing the channels

Based on its product, Levi's chooses its channels. Most of the time Levi's is limited to his wholesalers, because the unit value is high and cost related issues occurs.

Countries:

As mentioned earlier the Levi's® brand of products are sold in 49 countries, Dockers® brand in 31 countries and Levi Strauss Signature™ brand in 4 countries.

Levi's will try to push its new Product "The Double" to approximately all its current selling counties, which is simply to gain the upper edge over its competitors.

Placement Strategies

Levi's will place The Double according to following strategies:

Placing according to Class and Attributes

The company will position The Double according to different classes and genders.

2. Placing according to Competitors

With The Double, the company will not be heaving much of competition with its competitors as this a new product and will give Levi's the competitive advantage to its competitors

3. Placing according to Price and Quality

Levi's has tried to build its image as an innovator by coming up with new products and Jeans having new and latest style and look.

Promotions:

Objective

- To inform and remind the potential customers about its existing and new products
- To build strong brand value
- To Increase awareness and build demand
- To build Levi's image as innovator
- To create connection between people and Levi by helping the people
- To create the importance of its products

Sales promotion

For the sales promotion Levi Strauss & Co. implement a very effective but comprehensive strategy. Levi's pays attention to the publicity of its products. The major source of promotion of Levi's is done by creating public relations. The sales promotion of Levi's targets the end consumers.

Following promotional strategies will be used to promote The Double

Personal selling: Personal selling by the representative of the organization takes place face to face with final consumers. That means one of the way to promote The Double will be in the store itself in person.

Advertisement: Levi's makes use of advertising to promote company's image by saying many Copy the Red Tab, hence no one can copy the original.

New Advertisement campaign will be launched for The Double, making the end customer aware of the new product features and its launch.

The various advertising media used by the Levi's are

• Television

• Fashion Magazines , Newspapers

• Internet.

• Bill boards , banners etc

Mass Selling

Levi's does mass selling to inform a bulk of persons by advertising.

– Sales force

Levi's has a very large sales department which is working in many different countries, hence The Double can be promoted to different countries using its existing sales forces.

Public relations

To promote its new product, The Double, Levi's will also sponsor some events.

4 c's of The Double

Consistency:

Levi's, with its new product, The Double will initially target the youngsters as prospective customers. As per their needs, the youngsters would like to have very different variety of clothes in their cubed, The Double – reversible jeans will fulfil their this need to fullest, by consistently providing different colors of the jeans also giving spatial offers time to time. Levi's can target this segment easily by their conducting promotion activities on TV, universities, city centres etc

Credibility:

Levi's, as a brand, is a well recognized and trusted brand by millions, all the new products that Levi's launches goes through a regress testing, so that the end user gets a product which last long.

3. Competitiveness

Levi's very proudly says that its products completely satisfy its customer's needs; hence Levi's do not face much competition in their business.

But heaving said that, there are some competitors in the market such as

Gap Jeans

Pepe Jeans

Diesel

Leeds

Lee

4. Clarity

Clear Communication to the customer is very important as to tell what the different offerings to the customers are. Many different modes of communication can be adopted for The Double for communication its customer. These modes of communication will be TV, internet, newspapers, in person, sponsoring events, campaigns. These days the mouth to mouth communication is also a very important mode of communication.

Conclusion

Levi Strauss & Co is a multinational corporation which is currently makes jeans in approximately 108 sizes and 20 finish fabrics. With 2007 net sales of \$4. 1 billion, the company is dedicated to building upon strong legacy and brand equity as they position the company for future growth. With Top three

brands, Levi's®, Dockers® , and Levi Strauss Signature Levi's is one of the leading attire company on which the customers trust.

This project is aimed to launch a new product of Levi's, which is called " The Double" - Reversible jeans. It is a one pair of jeans with two looks. One side of this reversible jean is light wash, for a more casual looks, and the other side of the jeans is of dark colour with denim finish. With double the customer will be offered by two different looks in almost the same price. This new jeans will maintain the comfort and the modern design and are meant to be used by both men and women. The Double is a 2 in 1 product which is extremely comfortable and fit.

Initially Levi's will set the price of The Double jean to be little higher than its other common selling products. Which is justifiable as this is a new innovation and company has invested lot of money in R&D. Levi's has a very large sales department which is working in many different countries, hence The Double can be promoted to different countries using its existing sales forces.

Hence, The Impact of the Double would be huge on Levi's. The Double would give the upper hand on the market as compared to its other competitor like GAP, Diesel, Lee etc.