

Levis case study essay



Levi's is the best known jeans name on the planet. The business was founded by the Strauss family in 1875 and produced jeans for miners out of tent fabric and canvas. It then went on to make jeans from denim which is a coarse, heavy twill fabric. The jeans became popular with miners during the California goldrush and were famous for the twin rivets on the pockets.

The business went from strength to strength to become one of the twentieth century's best known global brands. During the 1980s the company branched out into a range of garments including suits, before refocusing on one of its heritage products Levi 501s in the early 1990s. A TV commercial showing Nick Kamen stripping down to his boxer shorts in a launderette boosted the sales of all jeans, not just of Levi 501s and thousands of men switched to wearing boxer shorts. The Levi Company has always had a reputation for innovation, bright ideas, excitement and enthusiasm.

However, it has not always been so successful in maintaining the detailed processes necessary to ensure continued product success - hence the need for effective brand management. Brand management involves having the technical skills to create a successful brand management plan, as well as good ideas. Page 2: Weaknesses in the late 1990s By the late 1990s it was all too apparent that the brand was slipping and needed to be put back on track. Since the 1960s, success had been based on the brand's association with youth culture.

During the 1990s this association began to lose some of its vitality. While sales of the brand continued to grow, it began to suffer from declining equity. By this we mean that the perception of the brand in terms of the

desired position was beginning to slip. While in the 1980s Levi's were seen as 'cool, youthful, innovative and sexy', market research revealed that this was no longer the case by the late 1990's.

Brand managers at Levi's realised that they needed to revitalise the perception of the brand. The company had, wrongly, been emphasising its role in wholesale merchandising - i. e. selling millions of pairs of blue Levi's to retailers and ensuring good sales volumes and profits for these retailers.

However, this focus tended to ignore the consumer. Since the late 1990s Levi's brand managers have changed the emphasis to consumer focused brand management. Brand managers recognise that their responsibility is to deliver the image of the brand both to consumers and to retailers, as well as ensuring high sales volumes and achieving retailers' financial goals. The emphasis now is therefore less inward looking - e.

g. 'how many units have we sold?' and more outward looking, e. g. 'what do consumers see Levi's as being?' Page 3: The brand management process
Situational analysis The first step in the brand management process was to carry out a situational analysis - i.

e. a review of Levi's standing in the market place. Detailed market research was carried out to obtain a clearer picture of market standing. This included internal areas such as whether there were too many layers of decision making in the company and whether the company was focused enough on its objective of meeting customer requirements.

External factors that were examined included the range of new brands on the market, their impact on Levi's competitiveness and also the effectiveness of retailers in promoting and selling Levi's jeans. The situational analysis revealed that fewer retail stores were stocking Levi's. In addition, the market research showed that consumers' awareness of the brand was declining. Comparisons of figures for Spring and Autumn of 1999 showed a reduction in the number of people in the UK who were able to identify the Levi's brand. Also, fewer people named Levi's as the most recent brand of jeans that they had purchased. This decline was very small, but it still needed to be stopped.

Creating a brand plan The first step in creating a brand plan is to identify the key objective to be worked towards. This is referred to as the desired outcome. This can be set out in a few words or a sentence expressing what you want to achieve e. g.

to improve the brand presence at retail outlets. With this objective clearly defined, the key tasks needed to deliver must be identified. In other words, the brand manager needs to create a plan/strategy. In this case the strategy involved: * carrying out the market research * finding out in how many stores Levi's were selling * evaluating the current level of presence, i.

e. was Levi's happy about the existing profile in retail outlets - or was there room for improvement? Having created a plan the next step was to measure success and to use this process to drive improvements in the organisation.

This measurement process has given Levi's a much clearer focus. For example, a senior brand manager working for Levi's might have been given

the objective of opening up 10 new stores in five key cities in Europe where there is a very strong retail sector.

This process gave staff a clear outline of accountability for what had to be delivered. The performance of brand implementers and brand managers could now be reviewed against expectations. Feedback can be given on how to improve performance and a review process enables the ongoing evaluation of the strategy. The net effect of these changes is the creation of a much more effective communication process within the Levi's organisation. Levi's employees know where they stand and where their responsibilities lie.

Page 4: Creating a new brand mission and strategy Given a downturn in the perception of the brand, brand managers at Levi's came up with a new brand mission and the need to communicate this clearly to the target customer. The brand mission was: 'to be the coolest and most profitable jeans brand'. In order to succeed in this mission it is first necessary to reclaim leadership in the denim category with young people. Clear objectives were set for reversing the sales decline and re-building brand equity with target consumers (see fig below). Creating a new brand strategy This brand mission enabled Levi's to develop a plan which involves successfully bringing together three key elements i.

e. the product, communications with the consumer and the way in which Levi's products are presented in retail outlets. The marketing planning process involves gaining a clear understanding of the consumer architecture (i. . the structure of the correct product to the correct consumer), enabling Levi's to identify the various sectors of the jeans market. With this

information carefully mapped out, it is possible to get the brand architecture right - i.

e. to produce the right jeans for each segment of the market. The consumer architecture map shows the key groups of 15-34 year old consumers in Western Europe. At the top are the fashion leaders. It is through the fashion leaders that Levi's seeks to influence the rest of the market.

Levi's has designed various brands to appeal to different segments of the jeans market. Product innovations are then designed to appeal to and positively influence each of the relevant groupings. Finally, it is important to use retail segmentation to target Levi's products at the consumer correctly - in other words, to get the right product to the relevant consumer shops. A high level of sophistication is required to ensure that appropriate retail outlets stock the relevant brands. This is all part of the process of successful brand management. Page 5: Implementing decisions Once brand managers have created objectives and developed the plan, the next step is to implement their decisions, i.

. to put the plan into action. Levi's objective is to reclaim the brand. This has involved developing product innovations to excite the relevant target market - empowered young people. A recent product of this process has been the new concept of Levi's ® Engineered Jeans™; 'twisted jeans'.

A large part of Levi's advertising and promotion in 2000 is based on this product and is a symbol of youth culture. Unlike earlier Levi's advertising which had used heroes such as Brad Pitt and Nick Kamen, the emphasis is on the product as 'hero'. Twisted jeans rapidly won the support of young,

fashionable people and are representative of Levi's new way of thinking.

Page 6: Conclusion This case study has shown how Levi's has used effective brand management planning to reclaim the brand and to turn around the fortunes of the company.

This is a logical, step-by-step process which has been implemented by brand managers. The final stage in the process involves the analysis and evaluation of results. To date, company research reveals that the strategy is delivering equity for the brand which is rapidly regaining its cool and innovative status. The financial targets have also been exceeded.