

A market analysis for levi Strauss and co vision



Levi Strauss & Co. says " Our corporate values are the foundation of our company and define who we are. They underlie how we compete in the marketplace and how we behave, our values are fundamental to our success. ." Levi Strauss & Co. has four major core values.

Empathy - walking in people's shoes: Levis will always pay attention to all people around the world. They respond and listen to the demands of their consumers, workers as well as stakeholders.

Originality - innovative and authentic: The pioneering spirit that started in 1873 with the first pair of blue jeans still spreads through all facets of their business. Through practices and innovative products, Levis cracks the mold.

Integrity - doing the right thing: When doing business Levis sets social responsibility and Ethical conduct in the top. That means Levis pays attention to do right things by their society, brands, company and employees.

Courage - standing up for what they believe: Levis always accepts all conventional wisdom and practices. Levis wishes to become greater.

Objective

Long-term objective are to strengthen our global in order to deliver sustainable profitable growth, continue to generate strong cash flow and reduce our debt.

Financial status

Table 1: Financial result third-quarter 2010

Three Months Ended

(\$ Millions)

Aug 29, 2010

Aug 29, 2009

Net Revenue

\$1, 109

\$1, 040

Net Income

\$28

\$41

Table 2: Regional net revenues for the quarter

% Increase (Decrease)

Net Revenue

(\$ Millions)

Aug 29, 2010

Aug 29, 2009

Reported

Constant Currency

Americas

\$673

\$616

9%

9%

Europe

\$259

\$266

(3)%

6%

Asia Pacific

\$177

\$159

11%

5%

Source: LEVI STRAUSS & CO. ANNOUNCES THIRD-QUARTER 2010 FINANCIAL RESULTS

In the third quarter, net revenues increased slightly by 7%, from \$1, 040 in 2009 to \$1, 109 in 2010. There is a negative impact of higher effective tax rate; it led to decline in net income to \$28 in the third quarter.

In addition, there are significant go up in net revenue in Americas and Asia Pacific regions. According to the report, Americas region increased 9% in revenue, while Asia Pacific area went up 11% in revenue. In contrast, there is a decline in revenue in Europe area, from \$266 in 2009 to \$259 in 2010.

According to the report, Gross Profit and Selling in third quarter increased significantly by \$50 million and \$61 million respectively. Whereas, operation income for the third quarter decreased to \$86 from \$98 in the same period of 2009. That is the happy signal in business.

Market Segmentation

Demographic Segmentation

In demographic segmentation, the market is divided into groups on the basis of variables such as age, gender, income, occupation, education, religion, race, generation, nationality, and social class. Demographic variables are the most popular bases for distinguishing customer groups. (Phillip Kotler, 2003).

Levi's also follows these rules to segment their market. The company makes clothes for men, women, babies, young girl, boy. Thus, everyone is the potential customer for Levi's.

Gender:

Levis has a lot product for Men and Women from bottom products (Jeans, Shorts) to top products (T-shirt, shirts...). Especially, women have more

alternative with Levis Curve ID. Furthermore, Levi's provides a lot of accessories to satisfy customer demand.

Income:

Levi's concentrates on high-income people who affords to purchase the brands. However, the company doesn't ignore the middle-income people, so that the company offers range of price is from S\$30 to S\$600 that can almost cover the customer demand.

Age:

Few years ago, Levis Strauss Company segmented its customers according to their age. The range of age that Levi's offered includes adults, juniors, kid and baby. This range is very large, and has lost of potential customer. Especially, when consumers belong to youth class. For example, the company has huge product line for Kid such as boy 8-20 can choose 501 original jean, 569 Loose fit jean, 514 slim straight jean, etc.

Occupation:

In the occupation segmentation, Levi's divides into students, professionals, businessmen & women, and executive segmentation.

Geographic Segmentation

Geographic segmentation calls for dividing the market into different geographic units such as nations, states, regions, countries, cities, or neighborhoods. The company can operate in one or a few geographic areas, or operate in all but pay attention to local variations. (Philip Kotler, 2003).

According to the annual report 2009, Levis has two of largest and most powerful apparel brands in the world. Levis' goal is to expand the reach and appeal of their brands globally. Hence, they provide their products over the world. Looking at some popular places:

Levi's Americas:

Levi's Europe:

Levis has a lot markets in Europe such as Belgium, UK, Finland, France, Hungary, and other countries.

Levi's Asia Pacific:

Levi Asia Pacific Division was established in 1995 with headquarters in Singapore. The company employs more than 4, 500 people, with offices in Australia, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, the Philippines, South Africa, Taiwan and Vietnam.

Psychographic Segmentation

In psychographic segmentation, buyers are divided into different groups on the basis of lifestyle or personality or values. People within the same demographic can exhibit very different psychographic profiles. (Philip Kotler, 2003)

Levis psychologically segments their customer based on lifestyle. The company tries to appeal to the customer's individual personality. This is apparent by the variety of styles of goods that Levis offers.

The Levi's brand:

The Levi's brand jeans have become the most popular in the world – capturing the imagination and loyalty of people for generation. It was known as classic American style and effortless cool. The success of this brand is the range of leading jeanswear and accessories that appear in more than 110 countries, allowing individuals around the world to express their personal style.

Levis Curve ID: focus on shape of women, not her size.

Levis introduced Go Forth “real to work” that will empower and inspire workers everywhere.

The Dockers

The Dockers is designed for men and women all over the world. In recent days, Levis introduced “Wear the pants” with more styles, new fit, and bold color to put forth a new definition of masculinity. It helps men feel strength and sensitivity.

Signature by Levis Strauss:

This brand is very ideal fit for family because the goods were made from denim and casualwear for children, men, and women. The collection of this brand includes pants, shirts, and jackets. Furthermore, Signature by Levis Strauss try to reach high-quality and fashionable jeans at affordable price.

dENZIEN

With slogan: fit for everybody, the dENIZEN brand focus on that takes everything you love about a classic pair of jeans. Furthermore, dENIZEN

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means “inhabitant”: living on earth, living in a place, just being. dENIZEN brand also is ideal fit for friends, workers and families who frequents in particular place.

Behavior Segmentation

In behavior segmentation, some behaviors that market should pay attention: occasions, benefits, user status, usage rate, loyalty status, etc. (Philip Kotler, 2003).

Target market

Base on the market segmentation, Levi's has identified its market-segment opportunities, Levis decide market targeting. The factors that this firm pays attention are the attractive segment such as size, growth, and profitability. Objective and resources segmentations are also important factors. Mostly Levi's targets its market among the following classes:

Upper Class

People who belong to this class, the price factor are not important for them. In other words, they pay attention to the prestige of brand, and design, style of the products. In this class, Levis focus on age range and both genders

Picture: Luxury Levis bags

Upper Middle Class

People in this class should be targeted because they have good income and they have afforded to buy costly product. Sometime, almost potential customers are from this class. The features of this class are good education, professional, executives and businesses. Hence, it is difficult to satisfy them.

Target on Market specialization:

Levis sees that, the demand of customer is clothes fit their body. Thus, the company designed the Levi's Curve ID brand to satisfy their customer.

Target on Developing Countries

In some developing countries like China, Thailand, Vietnam, etc, people with high income are willing to buy luxury and branded goods, even though they have to pay a large amount of money. Almost people want to be appreciated throughout their clothing and accessories. So that, Levis should pay attention for new trends.

Positioning

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market. (Philip Kotler, 2003)

Positioning differs between countries, market segmentations. For example, in Americas and much of Europe the emphasize in on jeans as casual attire. In contrast, Pakistanis wears indicate to the social fashion awareness and high status.

For adolescents and youngster adults, who want to casual attire, engineers jeans by Levis provide a unique fit and functional status, unlike other competitors.

Competitive Analysis

Phillip Kotler suggested that competitors are companies that satisfy the same customer need. In this case, the main competitors of Levis Company

are Calvin Klein, Gap, and Tommy Hilfiger. Hence Levis should understand their competitors, such as characteristics, specifically, their strategies, objectives, strengths and weaknesses, and reaction patterns.

Strategies:

Levis should know the strategies of competitors to monitor what they intend to do in the future. By understanding the competitors' strategy, Levis can carry out the differentiation strategy to improve their position in market. Levis also can choose the same strategy of competitors' to remain their market share.

For example, strategy of CK is to operate a diverse brand portfolio targeted at multiple price points and distributed through multiple channels of distribution. This strategy is the same Levis strategy. So that Levis should invest more money in promotion and advertising to become more aggressive if they want to win in market.

Objectives

Levis also needs to know what is each competitor looking for in the market? What are the factors that effect competitors' objectives? Finally, Levis should observe expansion plans of competitors.

Calvin Klein created an aggressive expansion plan for global retail. This company signs contract with a lot of business partnership those are from America, Europe or Asia to open new stores. Furthermore, Calvin Klein intends to invest more money to expand their perfume market share as well as accessories market share. Hence, what should Levis do to defend their market share as well as attack their competitors? What does Levis have to

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prepare for changes? Levis also should consider enriching their products to satisfy customer demand.

Strengths and weaknesses

Levis should collect information about strengths and weaknesses of competitors. It is good for Levis to design competitive strategies such as market-leader strategies, defense strategies, market-challenger strategies, and attack strategies.

For instance, Calvin Klein is very strong in lifestyle brands including apparel, accessories, underwear, watches, socks, eyewear, and shoes. So how can Levis compete to Calvin Klein in this field? How can Levis reach their goals?

Reaction patterns

In the highly competitive clothing market, almost companies have ability to react fast with the changing of market. Some companies like Levis, Calvin Klein, and Gap designed the competitive intelligence system to immediately react with these changes.

Indirect Competitors Analysis

We just analyzed some direct competitors like Calvin Klein, Gap, and Tommy Hilfiger. However, competitor's analysis will not complete without analyzing indirect competitors. Indirect competitors may be local manufactures; those have a lot experience and knowledge about the location. Sometimes, they have the competitive advantage by protection of the government. Other competitive advantage of local company is the cheap price of labor. For example, some clothing Chinese Companies employee cheap price of

workers in the huge of labor market. Hence the price of clothing is also very cheap.

Other potential competitors are from the Internet, those offer cheaper price, high quality and very convenient in shopping. They pose their goods in the website, and do very well online marketing to engage customers. They have a lot of stores in the world and also offer free deliver in short time to their consumers.