

LEVI'S JEANS: BRANDING AND THE YOUTH MARKET

In a conference room at the global headquarters of Levi Strauss & Company in San Francisco, Robert Holloway, the new vice-president of marketing, addressed Levi's new brand management team. 'What kids want is to be acceptable to their peers. They're looking to make an impact with potential partners as well and therefore they want to look right. Part of looking right is wearing what's cool.'

The problem facing Levi Strauss was that jeans were increasingly regarded as 'uncool'. In 1996, the company reported record one-year sales of \$7.1 billion and a profit of more than \$1 billion. By the end of 1999, sales had fallen to \$5.1 billion and it had barely broke even on profits despite closing 30 of its 51 factories and laying off about 15,000 people, or 40 per cent of its workers.

The root causes go back as far as 1992 when rap music emerged as a cultural phenomenon and baggy trousers were its generational signature. Unfortunately, Levi's failed to connect with young customers. While competitors such as Gap, Diesel, Wrangler and Pepe stole market share Levi's market share shrank from 31 to 14 per cent. The problem was complacency; for years Levi's had been cool—the kind of cool that seems as if it will never end.

Levi Strauss, a Jewish immigrant from Bavaria, began selling waist overalls from his San Francisco store in 1873 as a utilitarian tool of daily life for farmers, ranchers, miners and factory workers. In the 1950s and 1960s, however, they became associated with teenage rebellion and counterculture. Marlon Brando, Elvis Presley and Bob Dylan were all photographed wearing Levi's. Based on the proposition 'genuine, original, authentic, real' sales grew tenfold during the late 1960s and early 1970s but it was not until the mid-1980s that the company aggressively used television advertising to launch its 501 Blues campaign. Sales and profits began a continuous 12-year rise. The engine room for this growth was one product: its 501 five-pocket jean brand, which represented social acceptance and yet a kind of individuality and rebelliousness among its wearers.

But nothing lasts forever. One survey reported that the proportion of US teenage males who considered Levi's to be a 'cool' brand plummeted from 21 per cent to 7 per cent between 1994 and 1998. This was reflected in the comment made by a 16-year-old male who commented that his peers preferred loose brands with non-tapered legs, like the ultra-baggy JNCO jeans: 'But

JNCO is more last year. Now it's more Polo, Hilfiger and Boss.' When asked about Levi's he replied: 'If I buy Levi's, it's like I bought Wranglers and people think I'm cheap, but it's still expensive!' Another 15-year-old female stated that her friends will not wear anything from Levi's: 'It doesn't make styles we want. Levi's styles are too tight and for the older generation, like middle-aged people.' She prefers baggy pants from JNCO and Kikwear.

While Levi's remained impervious to the cultural changes in the jeans market, other newer brands have emerged. One major competitor, Gap, began in 1969 ironically as a retail chain selling Levi's exclusively. By staying responsive to consumer changes, the company saw a rapid rise in sales. Two others, Diesel and Pepe, stole Levi's rebellious attitude making Levi's jeans less distinctive in the minds of consumers.

By 2000, traditional styles of jeans (Levi's heartland) had fallen to only 20 per cent of sales, down from more than 50 per cent in 1996. To make matters worse, demographic changes meant that the number of 15–25 year olds in the population was forecast to fall dramatically in future years.

New strategies for the new millennium

The continued segmentation and fragmentation of the UK jeans market led Levi's to organize its marketing around three customer groups: urban opinion-formers, extreme sports, and regular girls and guys. Each handles its own new product development, has its own brand managers and marketing team. The core market remains the 15–25 age group.

In a major attempt to turnaround this grim situation, Levi Strauss developed new marketing strategies. A new range of non-denim jeans, branded Sta-Prest, was launched in 1999, backed up by a major TV advertising campaign starring a toy furry animal called Flat Eric. This campaign was well received by its youth audience.

In 2000, Levi's launched Engineered Jeans, an aggressive modern range billed as a 'reinvention' of the five-pocket style to replace the old 501 brand. Described as the 'twisted original' the new jeans featured side seams that follow the line of the leg, and a curved bottom hem that is slightly shorter at the back to keep it from dragging on the ground. The jeans also had a larger watch pocket to hold items like a pager. Under its youth-orientated Silver Tab brand, Levi's introduced the Mobile Zip-Off Pant, with legs that unzipped to create shorts and the loose Ripcord Pant, which rolled up. Levi's also extended its successful Docker brand to a

business-casual line called Dockers Recode, using stretch fabrics that appealed to older consumers who had passed through their teens wearing Levi's blue jeans.

In 2003, the S-Fit trousers, part of the Dockers range, were launched with anti-radiation pockets for mobile phones in response to consumers' fears about mobile handset radiation. They were premium priced at over £100 (€140).

Levi Strauss also innovated on the retail front. In 1999 the company opened its first unbranded store, Cinch! in London, with plans to open other stores with the same format but different names around European capitals. Cinch! targeted customers that it called 'cultural connoisseurs': fashionable, less mainstream customers. It stocks Levi's upmarket Red collection and Vintage Clothing and Collectable ranges rather than mainstream products. There is no Levi's branding on the store fascia and garments are hung on the walls. Non-Levi's products including Casio watches, and Japanese magazines and art books are also stocked. There is a 'chill-out' television room. Cultural connoisseurs like to 'discover' brands for themselves and appreciate an intimate retail experience.

Levi Strauss also altered its approach to massified promotion. It believed that a 'massified' image was a hindrance to being accepted among young consumers. It studied how rave promoters publicized their parties using flyers, 'wild posting' on construction sites and lamp-posts, pavement markings and e-mail. It explored how such 'viral communications' could be used to infiltrate youth culture. The idea was to introduce the Levi's brand name into the target consumers' clubs, concert venues, websites and fanzines in order for the kids to discover the company's tag for themselves. Levi's spent massive sums sponsoring and supporting musicians, bands and concerts in order to communicate with savvy youths who are so smart about media campaigns that the best strategy—as with the Flat Eric campaign—was to try to prod them gently towards the idea that Levi's is again the 'cool' brand. As the president of their advertising agency said, 'If you go into their environment where they are hanging out, and you speak to them in a way that's appropriate, then the buzz created from that is spread, and that's an incredibly powerful way to impact the marketplace.'

In 2002, Levi's Worn Jeans were launched. Worn denim was Levi's attempt to differentiate its product from other jeans brands. Injecting the fabric with two-tone sprays and moulding it to give it a 3D appearance created the worn effect. The launch was supported by commercials showing male and female models slowly rubbing themselves against roads, street furniture and

each other in an attempt to create the worn effect on denim. Aimed at 15–25 year olds across Europe, the advertisements ended with the strapline ‘Rub yourself.’ A website offered competitions and editorial set within a denim-themed landscape called Worn Jeans World. Visitors could navigate the site using onscreen characters in search of hot spots. The characters had to ‘rub’ with various tools to access content.

Type One Jeans, made of dark denim with bright stitching, oversized rivets and large pockets, were launched in 2003. Like Worn Jeans, the brand targeted both young men and women. The accompanying campaign more than matched the company’s reputation for *avant-garde* advertising. It featured a group of hybrid mouse-humans, conceived to personify the ad’s creative theme of a ‘bold new breed’ of denim. Before the advertising agency, Bartle Bogle Hegarty, shot the ad, focus groups discussed the plot where mouse-humans kidnap a cat and blackmail its owner. The research concluded that Levi’s should tone down the aggression and superiority, and balance the female and male roles more equally from a script that was skewed towards the females. To create even more interest in the brand, Levi’s used a guerrilla marketing technique known as ‘self-discovery’. It left documents purporting to be leaked top-secret memos about the launch in bus shelters, bars and pubs. A website was also established in support of the brand.

In 2004 Levi’s embarked on an ambitious attempt to relaunch its famous 501 jeans. The brand had been built using music in commercials, a tactic that had often seen tracks shoot to the upper reaches of the pop charts. Levi’s iconic advertising campaigns stopped in 1998 after 13 years. The new campaign, in a first for the brand, was entirely built around dialogue with groups of hip-looking people in their late teens and early twenties, flirting and arguing about their jeans. The jeans themselves were very different to the tight-fitting 501s of yesteryear, being low cut and loose fitting. To emphasize their design, the advertisements proclaimed ‘501 jeans with Anti-fit’ and were extensively pre-tested among 15–25 year olds for acceptance. In one, a man dressed in baggy Levi’s argued furiously in Spanish with another dressed in tight trousers about which looked better—the clear implication being that the baggy look was far more stylish.

The signature range of jeans was also launched in that year across Europe. Designed for sale in supermarkets, the brand was priced from £25 (€35). The motivation was to tap into the growing market for discount jeans. The range targeted men, women and children, and had a less detailed finish than other Levi’s brands. For example, the jeans did not have the company’s trademark red tab or stitching on the pocket.

At the premium end of the market, Levi's Blue jeans were launched in the autumn of 2005 across Europe. Priced at £75 (€110), the range targeted fashion-conscious 15 to 30 year olds and sat alongside Levi's other premium brands, which included Red and Vintage.

The company launched a new line of Redwire DLX jeans targeting the iPod generation in 2008. Web advertising was used to promote the jeans featuring videos that appeared on the Levi website as well as MySpace, MSN and RollingStone.com. The videos used a white background to exude calm and there was no audio. The ads focused on how the jeans looked and moved on the body. Viewers who clicked on the ads were shown additional information, something that is not possible in a TV ad.

Promotional support for its iconic 501 brand was provided in 2008 with a global marketing campaign, featuring four TV ads 'Unbreakable', 'First Time', 'Guitar' and 'Secret & Lies'. The same ads were shown online on a campaign website and were supported by an outdoor campaign.. The theme was 'Live Unbuttoned', showing how Levi's wearers lived their lives 'unbuttoned'.

In 2009, Levi's launched three brand mascots to mark the tenth anniversary of its Engineered Jeans. The characters were used as part of a pan-European ad campaign, including magazine front covers hijacks, street art and events, retail activity and the offer of a limited edition T-shirt. Online activity included films and art project that featured a dedicated campaign microsite, showcasing artistic work with a 'twisted mentality'.

Despite this activity, Levi Strauss is still facing heavy competition from discount brands and fashion brands such as Diesel, G-Star, Seven and Miss Sixty.

References

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Questions

- 1. Using the anatomy of brand positioning framework analyse the Levi's brand in 1996 and 1999. Why has the positioning of the brand changed?**
- 2. Do you believe that the Levi's brand positioning is retrievable? Should Levi's relaunch using a different brand name?**
- 3. Assess the steps taken by Levi Strauss to restore Levi's as a successful brand.**
- 4. Why do you think Levi's decided to use the 501 brand name for the range of jeans launched in 2004? Explain its jeans design and advertising strategy.**

This teaching note was written by Professor David Jobber, University of Bradford School of Management.