

A Dissertation on
INFLUENCE OF COSTLY BRANDS
ON CONSUMER DECISION

Submitted by
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M.F.A Final year
Applied Arts

Acknowledgment

I sincerely thank to everyone who all supported me, for i have complete my Dissertation effectively and moreover on time. I am equally grateful to my teacher Mr.Kushal Patil. He gave me moral support and guided me in different matters regarding the project. He had been very kind and patient while suggesting me the outlines of this Dissertation and correcting my doubts. I thank him for overall supports.

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Thanking you

Nitika Kaushal

11211438

Page 2

Certificate



LOVELY PROFESSIONAL UNIVERSITY

PHAGWARA

This is to certified that the Dissertation on “**Influence of costly brands on consumer decision**” which is being submitted by **Nitika Kaushal, M.F.A** Applied Art, Lovely Professional University, is a record of student’s own carried out by her guidance of...

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Sr. no.	Contents	Page no.
1.	Introduction	3-4
2.	Review of literature	11-31
3.	Objective of the study	31-32
4.	Research Methodology	33-44
5	Conclusion	54
6	Bibliography	55

Influence of costly brands on consumer decision

Keywords:

Influence of advertising

Costly brands

Consumer decision

Expensive

Influence of costly brands

High cost

Brands

Brand name

Consumer behaviour



Abstract:

In the modern society brands not only represent the product or company but also have a strong association with quality, consumer's life style, social class, taste etc. The purpose of this research is to know how much influence of costly brands is on consumer decision. This research tries to explore the relation between brands and the consumer decision making process.



Introduction:

“A product is something that is made in a factory, a brand is something that is brought by a customer. A product can be copied by a competitor, a brand is unique. A product can be quickly outdated, a successful brand is timeless. This statement induce researches to determine the influence of costly brands on consumer decision. Brand is a combination of name, symbol, design. Brands represent the customer’s perceptions and opinion about performance of the product. Brands differ in the amount of power and worth they have in the market place. Some brands are usually unknown to the costumers in the marketplace while on the other hand some brands show very high degree of awareness. The brands with high degree of awareness have a high level of acceptability and customers do not refuse to buy such brands as they enjoy the brand performance. Some branded commend high level of brand loyalty. Brands also have a symbolic value which helps the people to choose the best product according to their need and satisfaction. Usually people do not buy certain brands just for design and requirement, but also in an attempt to enhance their self esteem in the society.

Levi’s Founded in 1853 by Bavarian immigrant Levi Strauss, Levi Strauss & Co. (LS&CO.) is one of the world's largest brand-name apparel marketers with sales in more than 100 countries. There is no other company with a comparable global presence in the jeans and casual pants markets. Our market-leading apparel products are sold under the Levi's, Dockers and Levi Strauss Signature CE brands. In 1873, Levi Strauss and Nevada tailor Jacob Davis patented the process of putting rivets in pants for strength, and the world's first jeans Levi's jeans were born. Today, the Levi's trademark is one of the most recognized in the world and is registered in more than 160 countries. Descendants of the family of Levi Strauss privately hold the company. Shares of company stock are not publicly traded. Shares of Levi Strauss Japan K.K., the company's Japanese affiliate, are publicly traded in Japan. (For additional financial information, visit our "News and Financial" section). The company employs a staff of

approximately 12,400 people worldwide, including approximately 1,500 people at its San Francisco, California headquarters. 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 gold rush 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.

Weakness in the late 90's:

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?'

Since the invention of blue jeans in 1873, Levi's has prided itself on providing their consumers with unparalleled quality in jeans resulting in a longstanding traditional image. Team Secta has identified the importance of Levi's rich history and traditional image, but recognizes the need to adapt it to a more contemporary society. Team Secta conducted secondary research, qualitative research and quantitative research to gain a greater understanding of the 18-24 year old target market in Gainesville, Florida. By relying on judgment alone to make advertising decisions, Levi's runs the risk of not effectively targeting this market and inadequately spending its \$10million advertising budget. The research will find out what college students desire in jeans, their attitudes toward Levi's and competitors, and the types of people they expect to wear Levi's and competing jeans brands. Through research we will also identify in which situations they wear jeans, their digital media usage patterns, and the type of spokesperson that would best appeal to them. Overall, the goal of the research was to uncover data to answer these informational need sin order to determine the most effective way to communicate with 18-24 year old college students. The objectives of secondary research were to determine Levi's current position in the jeans industry and potential opportunities for their brand. Team Secta conducted a company analysis, competitive analysis and consumer analysis as well as identifying macro environmental trends that were relevant to the industry. Objectives of the qualitative research were to gain an understanding of the target's perceptions of Levi's brand image in comparison to what they desire in jeans. We conducted a focus group to gain in-depth information from recruited participants on their motivations and attitudes toward jean shopping and different jean brands. After administering the focus group and analyzing the data, we determined seven themes that um marized participants' attitudes and behaviours including: the desire for fit, the desire for versatility, negative feelings

towards shopping for jeans, opportunistic purchasing habits, peer influence, Levi's being traditional, and attitudes toward the "Go Forth" campaign. Next, we conducted quantitative research based on these themes in order to refine and support the findings from the qualitative research. We created a Web survey with 34 questions relating to the concepts of interest based on the four meta-themes from the focus group which were: ideal jeans ,purchase environment, Levi's image and peer influence. We recruited participants to respond to the survey, and then analyzed the data. After analyzing the aforementioned research, we present and recommend the following findings to Levi's: The participants view fit as the most important factor when purchasing jeans. This is a key finding and driving factor in the purchasing decision and should be the focus of Levi's advertising message. Even though consumers have differing definitions regarding the perfect fit, Levi's should emphasize that customers can find their perfect fit due to the wide variety of cuts and styles that are offered by Levi's. Advertising should also incorporate the traditional brand image, which participants view positively, but relate this to a more contemporary setting. A spokesperson for Levi's should be relatable because participants are more influenced by friends and people similar to themselves than by celebrities. Advertising needs to be placed in digital media such as Facebook and Twitter in order to complement traditional advertising in other mediums. By utilizing these recommendations, Levi's will be able to position itself as a genuine, relatable and iconic brand that offers the perfect fitting pair of jeans.

Industry Analysis

The apparel industry is comprised of clothing, accessories and shoes. It can be segmented into menswear, womens wear and childrens wear. In the United States there are about 10,000 companies that combine to have a total annual revenue of \$20 billion ("Apparel Manufacture" Jan. 2010). Of the womens wear segment, clothing held 68.4% market share in 2008 ("Womens wear in the United States: Industry Profile" Sept. 2009). Clothing in menswear held 53.8% market share ("Menswear in the United States: Industry Profile" Sept. 2009). From 2002 to 2007 the jeans market grew 28%; growth is expected to be 18% from 2007 to 2012, just a little faster than inflation ("Jeans" Mar. 2008). The same report believes that the growth in 2002 to 2007 was "above trend" while the growth expected between 2007 and 2012 is more "normal". Premium

denim sales rose 24% for women and 45% for men. Sales in 2007 for the jeans market was \$16.7 billion, while the projected sales for 2012 is \$19.7 billion ("Jeans" Mar. 2008). Key players in the jeans market include Levi Strauss & Company, VF Corporation, The Gap, Tommy Hilfiger Corporation, Liz Claiborne, Inc. and Polo Ralph Lauren Corporation. Levi Strauss led this market in 2007 with a 26.4% market share; The Gap came in second with 23.9 percent ("Jeans" Mar. 2008). In the apparel industry key players include Levi Strauss & Company, Benetton Group, Hugo Boss, The Gap and H&M

The brand management process:

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:

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.

Brand Image:

Brand image is the current view of the customers about a brand. It can be defined as a unique bundle of associations within the minds of target customers. It signifies what the brand presently stands for. It is a set of

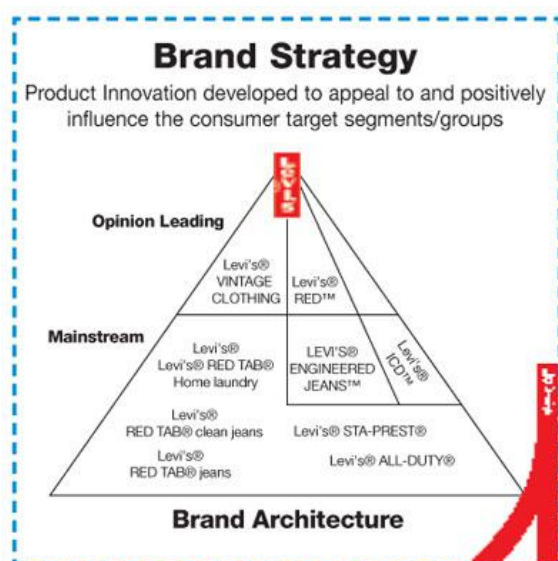


beliefs held about a specific brand. In short, it is nothing but the consumers perception about the product. It is the manner in which a specific brand is positioned in the market. Brand image conveys emotional value and not just a mental image. Brand image is nothing but an organization's character. It is an accumulation of contact and observation by people external to an organization. It should highlight an organization's mission and vision to all.

Brand image is the overall impression in consumers mind that is formed from all sources. Consumers develop various associations with the brand. Based on these associations, they form brand image. An image is formed about the brand on the basis of subjective perceptions of associations bundle that the consumers have about the brand. The idea behind brand image is that the consumer is not purchasing just the product/service. Brand images should be positive, unique and instant. Brand images can be strengthened using brand communication advertising, packaging, word of mouth publicly, other promotional tools, etc

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.e. 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.

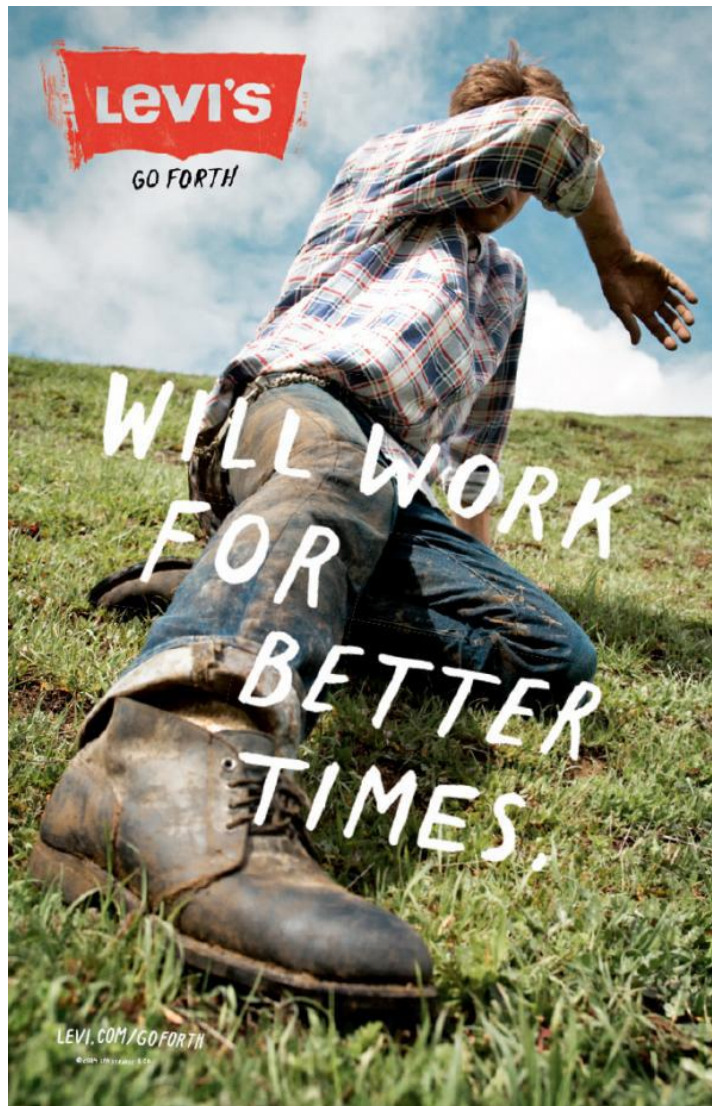
Perception Of the people in relation to brand vs non brands:

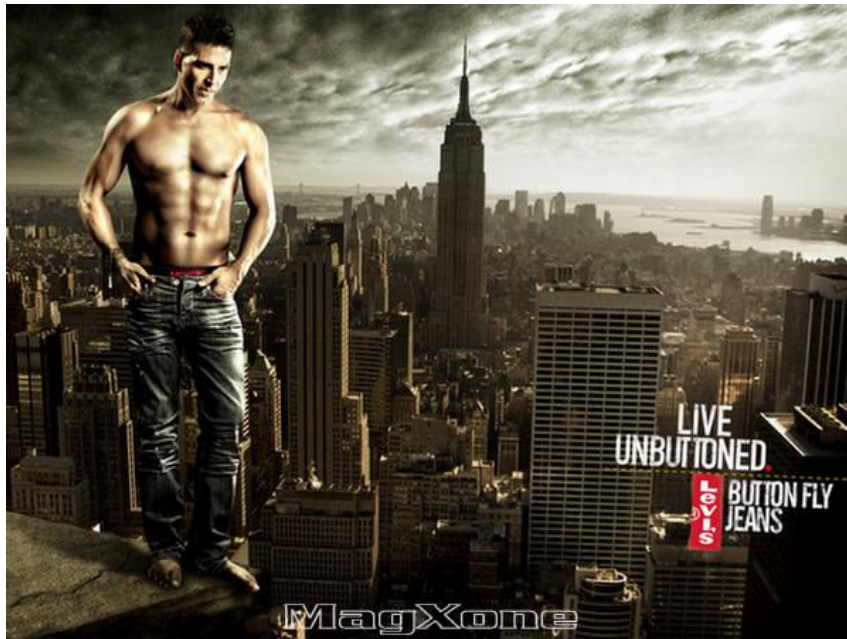
What people think of a brand is what counts. It can be negative or can be positive. A brand is what is actually is- plus the user's perception and beliefs about the brand. An individual's perception of a brand, in most part, is based on the brand identity and the advertising, which constitutes the brand's public image and the brand promise. When an individual finds a brand identity engaging, that person is more likely to patronize the brand. There are contributing factors to brand perception, such as the communities or celebrities who 'adopt' the brand, but the brand promise is the functional and emotional advantage and value pledged to the user. Due to nature of the cumulative experiences with a brand, people may perceive the brand as delivering or not delivering on its brand promise ; and if they deep it to be not delivering, they will move on to another brand.

Everything contributes to perception of a brand, and whether a popular celebrity is a brand devotee or if the advertising is entertaining goes a long way toward how we perceive it. Everything that a brand is contributes to an individual's perception of it. How an individual perceives a brand depends upon several factors:

- Whether a brand delivers on the brand promise.
- The individual's response to the brand identity.
- The bond between consumer and brand generated by the advertising, as well as the general response to the advertising.
- Brand placement and positioning in the films, television programs, and sports events.
- Celebrity endorses and users.
- Testimonials.
- The public image and behaviour of the company or group.

- Any public relations crisis, incidents, or scandal involving the brand.
- Each separate experience a user has with the brand.





ROL(review of literature):

- Definition of Advertising:

Advertising is a means of communication with the users of a product or service. Advertising is always present, though people may not be aware of it. In today's world, advertising uses every possible media to get its message through. It does this via T.V, print newspaper, magazines, radio, press, internet, direct selling, hoardings, mailers, contests, sponsorships, posters, clothes, events, colours, sounds, visuals and even people(endorsements). The term advertising generally refers to paid forms of communication that are distributed at the initiative of economic operators as part of an intentional and systematic effort to affect individual attitudes and choices in relation to the consumption of goods and services.

1)Marketing the promotion of goods or services for sale through impersonal media, such as radio or T.V.

2)Marketing the business that specializes in creating such publicity.

3)Advertisements collectively ;publicity.

4)The act or practice of offering goods or service to the public through announcements in the media. Advertising is the profession of planning, designing and writing advertisements. Advertising has evolved into a vastly complex form of communication, with literally thousands of different ways for a business to get a message to the consumer. It could be said that cave paintings in some way represented the first forms of advertising, although the earliest recognized version of what we know as advertising was done on papyrus by the Egyptians. And in Pompeii, the ruins suggest that advertising was commonplace. Internet alone provides many of these, with the advent of branded viral videos, banners, advertorials, sponsored websites, branded chat rooms and so much more.

Type of advertising:

1)Print advertising: If an advertisement is printed on paper, be it newspapers, magazines, newsletters, booklets, flyers, direct mail, or anything else that would be considered a portable printed medium, then it comes under the banner of print advertising.



Turn on your adventure.
Over 620 miles on a single tank. Volkswagen Amarok.



Broadcast advertising: A mass-market form of communication including television and radio, broadcast advertising has, until recently, been the most dominant way to reach a large number of consumers.



3)Outdoor advertising: Also known as out-of-home (OOH) advertising, this is a broad term that describes any type of advertising that reaches the consumer when he or she is outside of the home.



4)Public service advertising: Also known as out-of-home (OOH) advertising, this is a broad term that describes any type of advertising that reaches the consumer when he or she is outside of the home.



5)Online advertising: If you see an advertisement via the Internet (World Wide Web), then it is classified as online advertising. In fact, there are ads on this very page, and most other websites you visit, as they are the primary revenue driver for the Internet. Learn more about this vital part of the Internet.

Consumer Behaviour:

Consumer behaviour can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision-making for purchase and using the goods, and then the post purchase behaviour which is also very important, because it gives a clue to the marketers whether his product has been a success or not. Consumer behaviour is a complex, dynamic, multidimensional process ,and all marketing decisions are based on assumptions about consumer behaviour. Marketing strategy is the game plan which the firms must adhere to, in order to outdo the competitor or the plans to achieve the desired objective. In formulating the marketing strategy, to sell the product effectively, cost-benefit analysis must be undertaken. There can be many benefits of a product, for example, for owning a motor bike one can be looking for ease of transportation, status, pleasure, comfort and feeling of ownership. The cost is the amount of money paid for the bike, the cost of maintenance, gasoline, parking, risk of injury in case of an accident, pollution and frustration such as traffic jams. The difference between this total benefit and total cost constitutes the customer value. The idea is to provide superior customer value and this requires the formulation of a marketing strategy. The entire process consists of market analysis, which leads to target market selection, and then to the formulation of strategy by juggling the product, price, promotion and distribution, so that a total product (a set of entire characteristics) is offered. The total product creates

an image in the mind of the consumer, who undergoes a decision process which leads to the outcome in terms of satisfaction or dissatisfaction, which reflects on the sales and image of the product or brand. gives in detail the shaping of consumer behaviour, which leads a consumer to react in certain ways and he makes a decision, keeping the situations in mind. The process of decision-making varies with the value of the product, the involvement of the buyer and the risk that is involved in deciding the product/service. The figures shows the consumer life style in the centre of the circle. The consumer and his life style is influenced by a number of factors shown all around the consumer. These are culture, subculture, values, demographic factors, social status, reference groups, household and also the internal make up of the consumer, which are a consumers' emotions, personality motives of buying, perception and learning. Consumer is also influenced by the marketing activities and efforts of the marketer. All these factors lead to the formation of attitudes and needs of the consumer.

Marketing Strategy and Consumer Behaviour

(i) Marketing Analysis

- (a) Consumer
- (b) Company
- (c) Competition
- (d) Condition

(ii) Marketing Segmentation

- (e) Identify product related needs
- (f) Group customers with similar need sets
- (g) Describe each group
- (h) Select target market

(iii) Marketing Strategy

(i) Product

(j) Price

(k) Distribution

(l) Communication

(m) Service

(iv) Consumer Decision Process

(n) Problem recognition

(o) Information search—internal, external

(p) Alternative evaluation

(q) Purchase

(r) Use

(s) Evaluation

(v) Outcomes

(t) Customer satisfaction

(u) Sales

(v) Product/Brand image

Consumer Behaviour and Advertising:

Marketers need to understand the buying behaviour of consumers while designing their advertisements. Advertisements play an essential role in creating an image of a product in the minds of consumers. Advertisements must be catchy and communicate relevant information to consumer. It is really essential to show what the consumers like. Meet your target audience

and find out what they expect from your product and brand on the whole. Though advertising, the company actually tries to win over the confidence of consumers who would not mind spending on their product. It is essential to understand the mindset, attributes and preferences of the target audience. No two individuals have same buying preferences. The buying tendencies of individual vary as per their age, need, income, lifestyle, geographical location, family status etc. an individual's immediate family members play an essential role in influencing his/her buying behaviour. An individual tends to discuss with his immediate family members before purchasing a particular product or service. Family members might support an individual's decision to buy a particular product.

Brand:

A brand is a product, service, or concept that is publicly distinguished from other products, services, or concepts so that it can be easily communicated and usually marketed. A brand name is the name of the distinctive product, service, or concept. Branding is the process of creating and disseminating the brand name. Branding can be applied to the entire corporate identity as well as to individual product and service names. Brands are usually protected from use by others by securing a trademark or service mark from an authorized agency, usually a government agency. Before applying for a trademark or service mark, you need to establish that someone else hasn't already obtained one for your name. Although you can do the searching yourself, it is common to hire a law firm that specializes in doing trademark searches and managing the application process, which, in the United States, takes about a year. Once you've learned that no one else is using it, you can begin to use your brand name as a trademark simply by Brands are often expressed in the form of *logos* , graphic representations of the brand. In computers, a recent example of widespread brand application was the "Intel Inside" label provided to manufacturers that use Intel's microchips. A company's brands and the public's awareness of them is often used as a factor in evaluating a company. Corporations sometimes hire market research firms to study public recognition of brand names as well as

attitudes toward the brands. Here is the famous advertising copywriter and ad agency founder David Ogilvy's definition of a brand:

The intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation, and the way it's advertised.



Brand Loyalty:

When consumers become committed to your brand and make repeat purchases over time. Brand loyalty is a result of consumer behaviour and is affected by a person's preferences. Loyal customers will consistently purchase products from their preferred brands, regardless of convenience or price. Companies will often use different marketing strategies to cultivate loyal customers, be it through loyalty(reward programs) or trials and incentives(samples and gifts) . Brand loyalty, in marketing, consists of a consumer's commitment to repurchase or otherwise continue using the brand and can be demonstrated by repeated buying of a product or service, or other positive behaviours such as word of mouth advocacy.

Levi's History:



In 1853, the California gold rush was in full swing, and everyday items were in short supply. Levi Strauss, a 24-year-old German immigrant, left New York for San Francisco with a small supply of dry goods with the intention of opening a branch of his brother's New York dry goods business. Shortly after his arrival, a prospector wanted to know what Mr. Levi Strauss was selling. When Strauss told him he had rough canvas to use for tents and wagon covers, the prospector said, "You should have brought pants!," saying he couldn't find a pair of pants strong enough to last.



J. W. DAVIS.
Fastening Pocket-Openings.
No. 139,121. Patented May 20, 1923.



Witnesses
J. H. Davis
C. E. Robertson
J. W. Davis
J. H. Robertson
J. W. Davis

UNITED STATES PATENT OFFICE.

JACOB W. DAVIS, OF BERKELEY, CALIFORNIA, ASSIGNOR TO HIMSELF AND LEVI STRAUSS & COMPANY, OF SAN FRANCISCO, CALIFORNIA.

IMPROVEMENT IN FASTENING POCKET-OPENINGS.

Specification forming part of Letters Patent No. 139,121, dated May 20, 1923, application filed August 9, 1909.

To all whom it may concern:
Be it known that I, JACOB W. DAVIS, of Berkeley, County of Alameda and State of California, have invented an Improvement in Fastening Pocket-Openings, and I do hereby declare the following description and accompanying drawings are sufficient to enable any person skilled in the art or science to which it most nearly appertains to make and use my said invention of improvement without further invention or experiment.

My invention relates to a fastening for pocket-openings, whereby the pocket flaps are prevented from ripping or shooting from the pocket pressure or strain therein, and it consists in the arrangement of a metal rivet or screw at each edge of the pocket-opening, to prevent the ripping of the flaps at those points. The rivet or screw is so fastened in the seam as to bind the two parts of cloth which the seam unites together, so that it shall prevent the strain or pressure from coming upon the thread which unites the seam as usual.

In order to more fully understand and explain my invention, reference is had to the accompanying drawing, in which my invention is represented as applied to the pocket of a pair of pants.

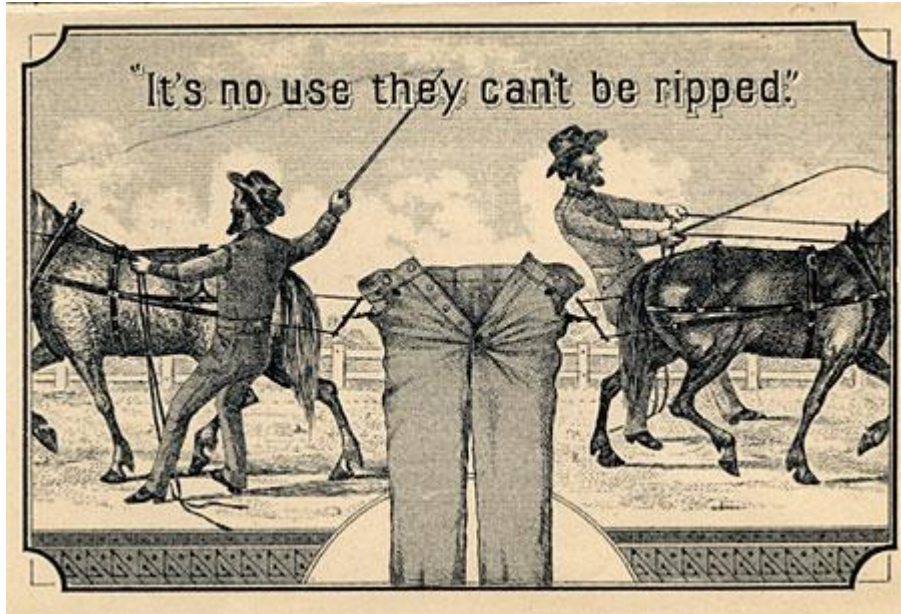
Figure 1 is a view of my invention as applied to pants.
A is the side seam in a pair of pants, showing an edge of every apparel, which terminates at the pocket, and B represents the rivet or screw at each edge of the pocket opening. The rivets are usually ripped or stirred by the pressure of the hands in the pocket and

the unorganized pressure or strain upon them. To strengthen this part I employ a rivet, screw, or other equivalent metal stud, B, which I pass through a hole at the end of the seam, so as to bind the two parts of cloth together, and then bend it down upon both sides so as to bind each of the two parts. If such rivets which already have one head are used, it is only necessary to bend the opposite end, and a washer can be interposed, if desired, in the usual way. By this means I avoid a large amount of trouble in bending portions of seams which are subjected to constant strain.

I am aware that rivets have been used for binding seams in shoes, as shown in the picture in the Houghton, No. 41,000, April 21, 1912, and in U. S. Washburn, No. 125,015, January 20, 1875, and hence I do not claim broadly, fastening of seams by means of rivets.

Having thus described my invention, what I claim as new, and desire to secure by Letters Patent, is—
As a new article of manufacture, a pair of pantaloons having the pocket openings secured at each edge by means of rivets, substantially in the manner described and shown, whereby the seams at the pocket flaps are prevented from ripping, as set forth, in witness whereof I have set my hand and seal.

JACOB W. DAVIS. [s. s.]
Witnesses:
JOHN O. HERRMAN,
W. HERRMAN.



TERMS
 6% FOR CASH IN 10 DAYS
 5% " " " 30 "
 3% " " " 60 "
 1% " " " 90 "
 4 MONTHS NET

Levi Strauss & Co.

Importers.

San Francisco, Cal.

Sold to White Hills Store

White Hills

RIVETED CLOTHING

POSITIVELY NO GOODS TAKEN BACK UNLESS DAMAGED OR IMPERFECT

<i>501</i>	<i>3</i>	<i>Overalls</i>	<i>8.50</i>
<i>581</i>	<i>1/6</i>	<i>_____</i>	<i>4.50</i>
<i>Not taken</i>		<i>Frgt</i>	<i>1.05</i>

WEAR



BICYCLE PANTS



WALTER F. FOST



ALLAN N. JOHNS

—MANUFACTURED BY—

LEVI STRAUSS &

SAN FRANCISCO, CAL.

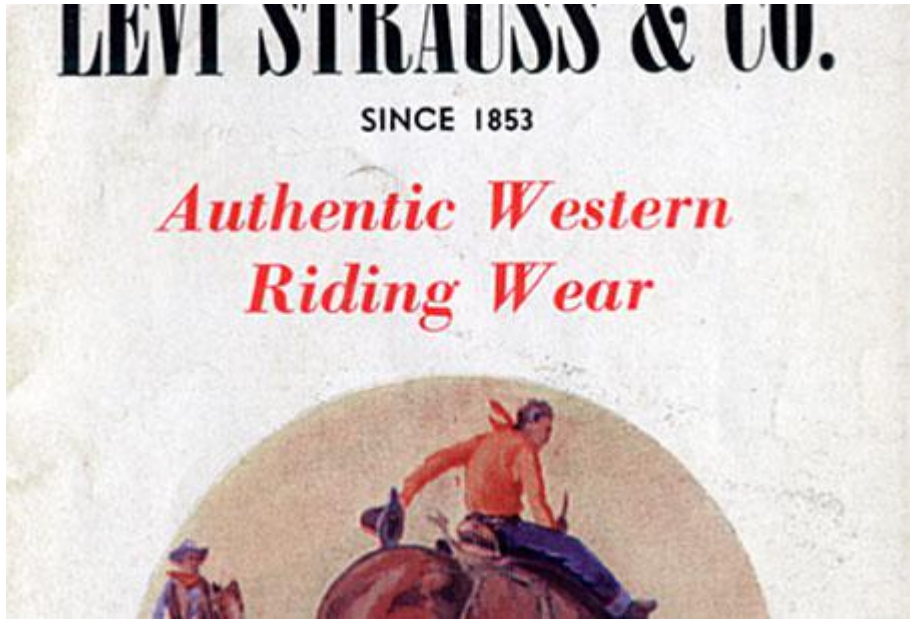
NEAT DURABLE INEXPE

PAT. APRIL 9, 1915

A NEW ONE-PIECE
GARMENT
FOR WOMEN
For work or recreation

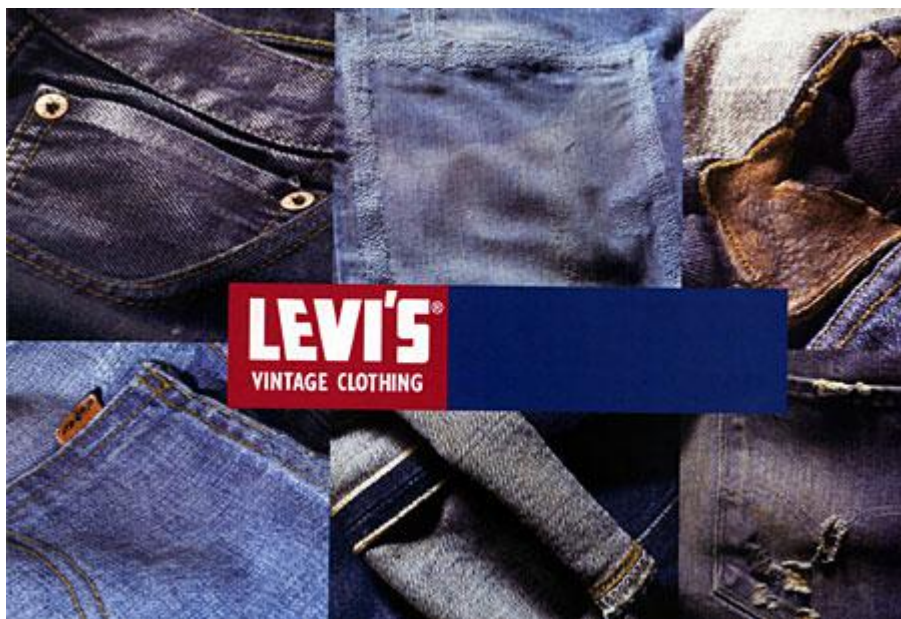
Freedom-Alls
TRADE MARK

X CO.
MADE IN U.S.A.



Denim Blue Jeans:

Levi Strauss had the canvas made into waist overalls. Miners liked the pants, but complained that they tended to chafe. Levi Strauss substituted a twilled cotton cloth from France called "serge de Nimes." The fabric later became known as denim and the pants were nicknamed blue jeans.



Levi Strauss & Company

In 1873, Levi Strauss & Company began using the pocket stitch design. Levi Strauss and a Reno Nevada-based Latvian tailor by the name of Jacob Davis co-patented the process of putting rivets in pants for strength. On May 20, 1873, they received U.S. Patent No.139,121. This date is now considered the official birthday of "blue jeans." Levi Strauss asked Jacob Davis to come to San Francisco to oversee the first manufacturing facility for "waist overalls," as the

original jeans were known as. The two-horse brand design was first used in 1886. The red tab attached to the left rear pocket was created in 1936 as a means of identifying Levi's jeans at a distance. All are registered trademarks that are still in use.





Levi Strauss started the business at the 90 Sacramento Street address in San Francisco. He next moved the location to 62 Sacramento Street then 63 & 65 Sacramento Street. Jacob Davis, a Latvian Jewish immigrant, was a Reno, Nevada tailor who frequently purchased bolts of cloth made from denim from

Levi Strauss & Co.'s wholesale house. After one of Davis' customers kept purchasing cloth to reinforce torn pants, he had an idea to use copper rivets to reinforce the points of strain, such as on the pocket corners and at the base of the button fly. Davis did not have the required money to purchase a patent, so he wrote to Strauss suggesting that they go into business together. After Levi accepted Jacob's offer, on May 20, 1873, the two men received U.S. Patent 139,121 from the United States Patent and Trademark Office. The patented rivet was later incorporated into the company's jean design and advertisements. Contrary to an advertising campaign suggesting that Levi Strauss sold his first jeans to gold miners during the California Gold Rush (which peaked in 1849), the manufacturing of denim overalls only began in the 1870s. The company then created their first pair of Levis 501 Jeans in the 1890s, a style that went on to become the world's best selling item of clothing.

Modern jeans began to appear in the 1920s, but sales were largely confined to the working people of the western United States, such as cowboys, lumberjacks, and railroad workers. Levi's jeans apparently were first introduced to the East during the dude ranch craze of the 1930s, when vacationing Easterners returned home with tales (and usually examples) of the hard-wearing pants with rivets. Another boost came in World War II, when blue jeans were declared an essential commodity and were sold only to people engaged in defence work. Between the 1950s and 1980s, Levi's popular shrink-to-fit 501s were sold in a unique sizing arrangement; the indicated size referred to the size of the jeans prior to shrinking, and the shrinkage was substantial. The company still produces these unshrunk, uniquely sized jeans, and they are still Levi's number one selling product. Although popular lore (abetted by company marketing) holds that the original design remains unaltered, this is not the case: the crotch rivet and waist cinch were removed during World War II to conform to War Production Board requirements to conserve metal, and was not replaced after the war. Additionally, the back pocket rivets, which had been covered in denim in 1937 due to complaints they scratched furniture, were removed completely in the 1950s. From a company with fifteen salespeople, two plants, and almost no business east of the Mississippi in 1946,

the organization grew in thirty years to include a sales force of more than 22,000, with 50 plants and offices in 35 countries.

Expansion 1960s through 1980's later

From the early 1960s through the mid-1970s, Levi Strauss experienced significant growth in its business as the more casual look of the 1960s and 1970s ushered in the "blue jeans craze" and served as a catalyst for the brand. Levi's, under the leadership of Walter Haas, Peter Haas Sr., Paul Glasco and George P. Simpkins Sr., expanded the firm's clothing line by adding new fashions and models, including stoned washed jeans through the acquisition of Great Western Garment Co.,(GWG), a Canadian clothing manufacturer, acquired by Levi's. The acquisition led to the introduction of the modern "stone washing" technique, still in use by Levi Strauss. Simpkins is credited with the company's record paced expansion of its manufacturing capacity from 16 plants to more than 63 plants in the United States from 1964 to 1974 and 23 overseas. Levi's' expansion under Simpkins was accomplished without a single unionized employee as a result of Levi's' and the Haas family's' strong stance on human rights and Simpkins' use of "pay for performance" manufacturing from the sewing machine operator level up. As a result, Levi's' plants were perhaps the highest performing, best organized and cleanest textile facilities of their time.

The Dockers brand, launched in 1986[6] which is sold largely through department store chains, helped the company grow through the mid-1990s, as denim sales began to fade. Dockers were introduced into Europe in 1996. Levi Strauss attempted to sell the Dockers division in 2004 to relieve part of the company's \$2.6 billion outstanding debt

1990s and later

By the 1990s, the brand was facing competition from other brands and cheaper products from overseas, and began accelerating the pace of its US factory closures and its use of offshore subcontracting agreements. In 1991, Levi Strauss faced a scandal involving pants made in the Northern Mariana Islands, where some 3% of Levi's jeans sold annually with the Made in the USA label were shown to have been made by Chinese labour under what the United

States Department of Labour called "slave like" conditions. Today, most Levi's jeans are made outside the US, though a few of the higher end, more expensive styles are still made in the U.S.

Cited for sub-minimum wages, seven-day work weeks with 12-hour shifts, poor living conditions and other indignities, Tan Holdings Corporation, Levi Strauss' Marianas subcontractor, paid what were then the largest fines in U.S. labour history, distributing more than \$9 million in restitution to some 1,200 employees. Levi Strauss claimed no knowledge of the offenses, then severed ties to the Tan family and instituted labour reforms and inspection practices in its offshore facilities.

The activist group Fuerza Unida (United Force) was formed following the January 1990 closure of a plant in San Antonio, Texas, in which 1,150 seamstresses, some of whom had worked for Levi Strauss for decades, saw their jobs exported to Costa Rica. During the mid- and late-1990s, Fuerza Unida picketed the Levi Strauss headquarters in San Francisco and staged hunger strikes and sit-ins in protest of the company's labour policies. The company took on multi-billion dollar debt in February 1996 to help finance a series of leveraged stock buyouts among family members. Shares in Levi Strauss stock are not publicly traded; the firm is today owned almost entirely by indirect descendants and collateral relatives of Levi Strauss, whose four nephews inherited the San Francisco dry goods firm after their uncle's death in 1902. The corporation's bonds are traded publicly, as are shares of the company's Japanese affiliate, Levi Strauss Japan K.K.

In June 1996, the company offered to pay its workers an unusual dividend of up to \$750 million in six years' time, having halted an employee stock plan at the time of the internal family buyout. However, the company failed to make cash flow targets, and no worker dividends were paid. In 2002, Levi Strauss began a close business collaboration with Walmart, producing a special line of "Signature" jeans and other clothes for exclusive sale in Walmart stores until 2006. Levi Strauss Signature jeans can now be purchased at several stores in the US, Canada, Australia, New Zealand, India, Pakistan and Japan.

According to the New York Times, Levi Strauss leads the apparel industry in trademark infringement cases, filing nearly 100 lawsuits against competitors since 2001. Most cases centre on the alleged imitation of Levi's back pocket double arc stitching pattern (U.S. Trademark #1,139,254), which Levi filed for

trademark in 1978. Levi's has successfully sued Guess?, Polo Ralph Lauren, Esprit Holdings, Zegna, Zumiez and Lucky Brand Jeans, among other companies.

By 2007, Levi Strauss was again said to be profitable after declining sales in nine of the previous ten years. Its total annual sales, of just over \$4 billion, were \$3 billion less than during its peak performance in the mid-1990s. After more than two decades of family ownership, rumours of a possible public stock offering were floated in the media in July 2007. In 2009, it was noted in the media for selling jeans on interest-free credit, due to the global recession. In 2010, the company partnered with Filson, an outdoor goods manufacturer in Seattle, to produce a high-end line of jackets and work wear.

On May 8, 2013, the NFL's San Francisco 49ers announced that Levi Strauss & Co. had purchased the naming rights to their new stadium in Santa Clara, California. The naming rights deal calls for Levi's to pay \$220.3 million to the city of Santa Clara and the 49ers over twenty years, with an option to extend the deal for another five years for around \$75 million.

Objective of the study:

Levi Strauss & Co. is driven by strong values, creativity and hard work. By using innovative, unique ideas to create difference among levi's and other brands. The objective of the study research project is to make understand the influence of costly brand on the consumer decision through levi's case studies. The main objective is to understand the marketing strategies of Levi's as a costly brand and still consumer purchasing such costly product happily and what are the element which influence to the consumer to buy such product of levi's. The Mission of Levi Strauss & Co. is to sustain responsible commercial success as a global marketing company of branded apparel.

Information about the company:



Levi's jeans are the original, authentic jeans, invented in 1873 by Levi Strauss & Co. The Levi's brand epitomises classic American style and effortless cool. Since their invention by Levi Strauss & Co. in 1873, Levi's jeans have become one of the most recognisable and widely imitated clothing in the world, capturing the imagination and loyalty of generations of diverse individuals in over 110 countries. Today, the Levi's brand portfolio continues to evolve through relentless innovation and a know-how that is unparalleled in the industry. Their aspiration is to create outstanding denim jeans, casual clothing and accessories that allow individuals to express their personality. Within Levi's portfolio of accessories they have developed a great range of sunglasses that are as durable as their jeans! Designed for trend and brand aware men and women, their eye wear reflect classic, contemporary and on-trend styles. They contain original Levi's tones: black, navy, white and Levi's red.

The Challenge

LS&CO. wanted to increase distribution to more specialty stores such as general merchandise/work wear and western apparel outfitters. These stores often serve a demographic that is traditionally underserved by other retail channels. LS&CO. wanted a tool that would geographically display its existing authorized retailers, potential retailers, and the customers the distributors serve. This application would ensure that new stores would not adversely impact the sales opportunities of existing stores.

The Solution

The LS&CO. marketing group has used ESRI® software for several years. Based on the group's success with the software, the LS&CO. Sales Centre decided to review geographic information system (GIS) software to help manage its distribution. It began using Business MAP desktop mapping software to look for new accounts. "Business MAP was a great cost-effective tool for us to use in researching new look in these channels of distribution," says Maurice Kelly, new accounts manager, LS&CO. Numerous new account applications arrive weekly, and LS&CO. needed a tool that would help it to view this incoming data accurately and stay abreast of it. LS&CO. selected ESRI Business Analyst Online SM, an on-demand reporting and mapping service that combines GIS technology with extensive business, demographic, and consumer household data and delivers it via the Web. Kelly imports existing store locations from the Market Trends and Analytics Division of LS&CO. and draws study area rings around the stores. A study area defines a boundary in a report. Business Analyst Online enables users to choose an address or predetermined latitude and longitude coordinates as the centre point of a ring study area in one-, three-, and five-mile ring reports. Next, the potential retailers' locations are entered. If the location is deemed to be too close to an existing store, the application may not be accepted. "Geography is one of the key criteria we use when deciding to accept a new retailer," says Kelly. LS&CO. receives numerous retailer application packets each week. This information can now be entered

into the database and the address viewed on a map. Each analysis is repeatable, applying the same evaluation criteria to each prospect to see prospects geographically in relation to existing stores. LS&CO. now uses Business Analyst Online to view the information accurately and consistently to make informed decisions before opening a new retail account. These analyses were originally performed by an outside vendor, but LS&CO. wanted to streamline this process and gain more autonomy. “Fortunately, ESRI helped us create the application we needed,” says Kelly. “This application is absolutely essential to my job. We previously didn’t have a readily accessible archive of retail store locations. Business Analyst Online allows us to manage them and see prospective retailers. We can avoid problems such as opening a store directly across the street from an existing account.” LS&CO. has found a cost-sensitive solution that allows it to accurately see where retailers are located, avoid unnecessary site visits, and open competitive stores. LS&CO. believes that this analysis better meets its customers’ needs by bringing the right products to the stores where these consumers shop. An easy-to-use, essential tool, Business Analyst Online allows LS&CO. to better manage its retail distribution strategies. Problem Clothing manufacturer needed a cost-effective solution to manage the growth and approval of new authorized retailer locations.

Goals

- Assess new retailers for additional product distribution.
- Protect existing retailers’ trade areas.
- Avoid making costly mistakes when opening new retail locations.

Results

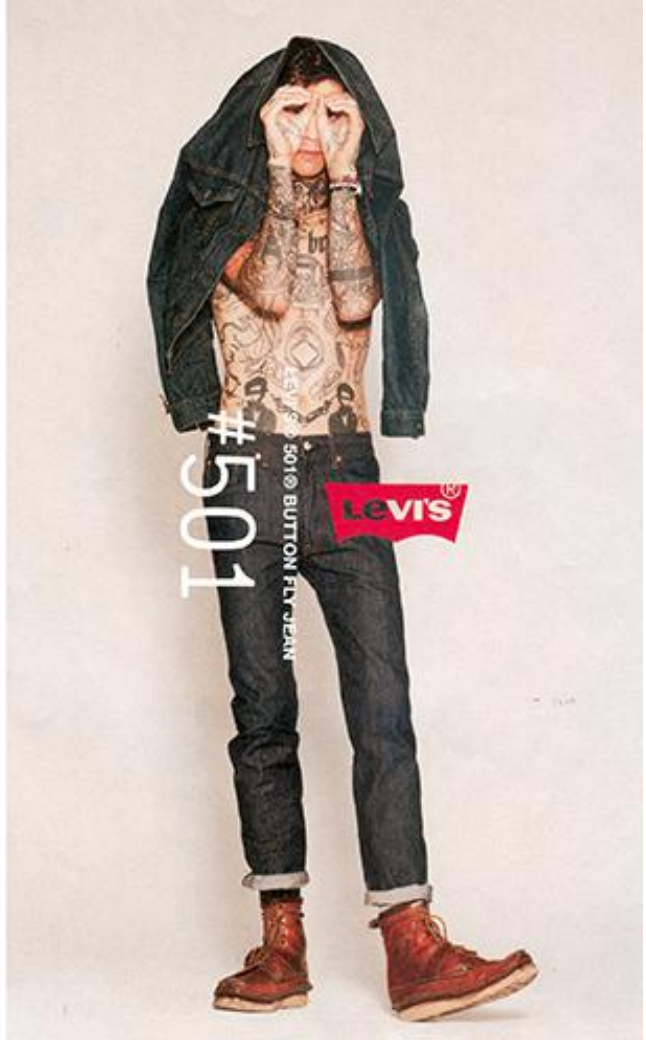
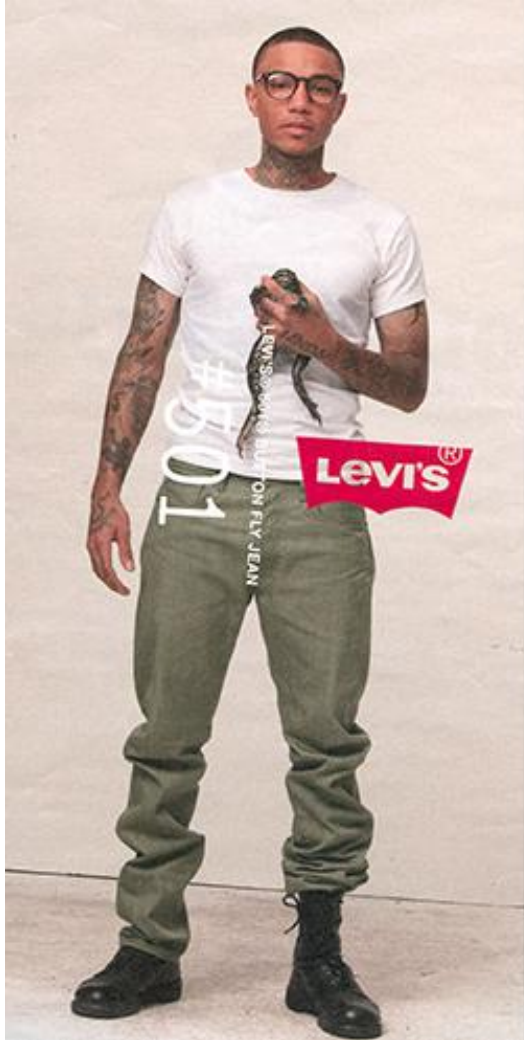
- Reduce costly onsite visits to new retailers.
- Accurately model locations of existing and potential retailers.
- Provide quick analysis that is repeatable with same evaluation.

WOMEN
SHOP

MEN
SHOP

Levi's®
KIDS
SHOP

VISIT THE LEVI'S® DENIM BAR >



Brand attributes and functions:

Levi's jeans are known for their high quality and long-lasting products. One of the distinctive characteristics of Levi's is they are made of a stain resistant material ("Levi Strauss & Co. Overview" Mar. 2009). Another specific attribute is Levi's Eco brand jeans, which are made of all recycled materials. In 1873 Levi Strauss and Jacob Davis received a patent on the copper rivets that Levi's still uses to make the jeans durable and long lasting (Levi Strauss & Co. 2009). Their 501 Series jeans are the best selling and most popular type of jeans that Levi's makes. The jeans can be worn in almost every day-to-day situation. They are great work pants that provide the protection needed in tough situations, but they are also stylish enough to wear in social situations. There are 117 different types of men's jeans and 123 women's jeans targeted towards people of all.

Positioning and Brand Personality:

Levi's strives to provide the world's casual workday wardrobe. The brand is synonymous with quality. It is the brand of originality, individuality and nonconformity. There are four core values at the heart of Levi's: empathy, originality, integrity and courage. The core values are the source of Levi's success (Levi Strauss & Co. 2009). Levi's website states, "People love our clothes and trust our company. We will market and distribute the most appealing and widely worn apparel brands. Our products define quality, style and function. We will clothe the world" (Levi Strauss & Co. 2009). However, Levi's did not change their positioning towards premium jeans when the rest of their competitors did. Now they are trying to rectify that with their new campaign.

Cost and Margins:

Levi Strauss & Company's net revenues have decreased six percent in the last quarter and net income has decreased 41 percent (Colbert 2009). The company's reported results reflected the challenging global economy and the adverse effect of currency exchange rates compared to the prior year. Levi's

reported a liquidity position of approximately \$386 million of cash, cash equivalents and availability under its credit facility. The company's cash position reflected operating cash flows of \$15 million in the quarter (Colbert 2009). Gross profit in the third quarter decreased to \$494 million compared to \$532 million for the same period in 2008. Operating income for the third quarter decreased to \$98 million compared to \$144 million for the same period of 2008, largely due to continued costs of retail expansion and unfavourable currency impact (Colbert 2009)

Distribution:

Levi Strauss & Company is a worldwide corporation organized into three geographic divisions: Levi Strauss Americas (LSA), and Asia Pacific Division (APD) (Levi Strauss & Co. 2009). Levi's jeans are sold in numerous different outlets. They are sold in department stores, such as JC Penney and Macy's,

specialty and flagship stores and discount retailers, such as Target.

Promotion used current and past:

In 1984 Levi's introduced their "501 Blues" Campaign, which emphasized famous blues singers. Then in 1988 the amusing and clever "Is your fly buttoned?" ads came out. These ads focused on the button-fly jeans, and featured "real people". In the 1990s Levi's advertised their loose-fitting jeans by depicting glamorous bodies in mid-air showing the benefits of the loose-fitting jeans (Stevenson Oct. 2009). The Levi's ads running now are the "Go forth" ads from the Wieden + Kennedy advertising firm. A neon sign that says "America" is half-submerged in floodwater. Walt Whitman recites his poem "America" in the background. We see fireworks, children playing in run-down neighbour hoods, an embattled business executive surrounded by an angry mob and young people frolicking in blue jeans. Two people hold a banner reading "Go Forth" as they run (Stevenson Oct. 2009). The strategy behind the

campaign is to inspire the target to uphold a pioneering spirit and to move the brand forward into the future without forgetting their prominence from the past. Because the “Go Forth” ads are aimed at people under 30 who are sensitive about being manipulated, it is unsure whether the ads will resonate with the target market (Garfield July 2009).

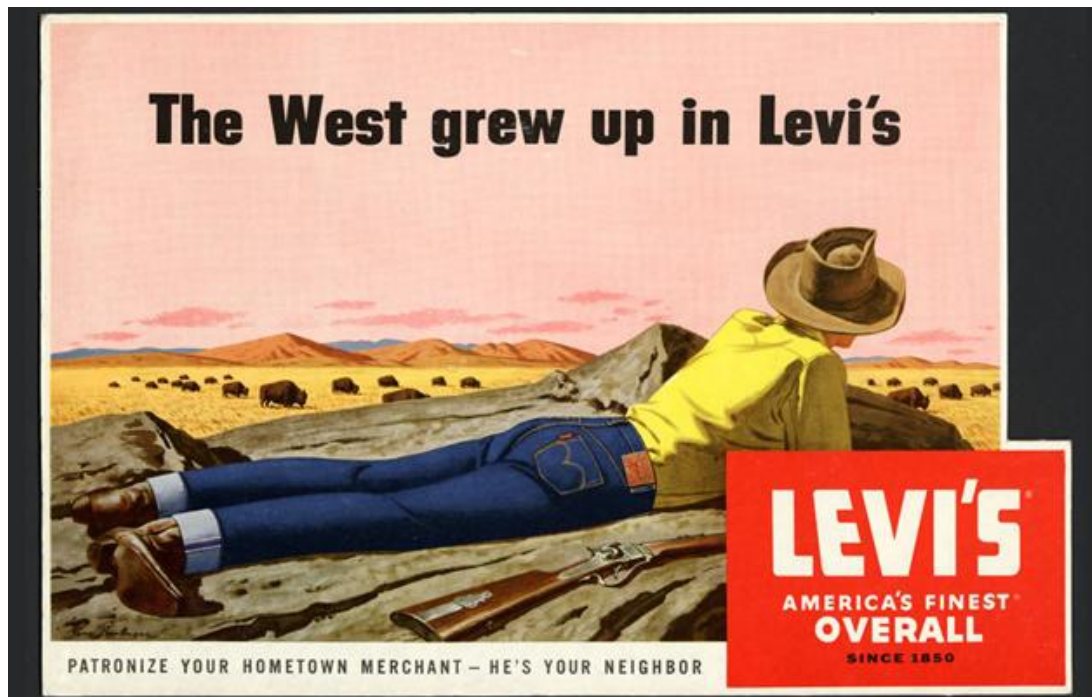


look pretty... and you're bound to, in these sparkling new separates from Levi's Denim Family - in five mix-or-match California colors - tulip pink, sunset gold, indian red, faded blue and indigo. Sanforized, vat-dyed, and color-fast, they'll keep their bright beauty and trim tailoring all through the year!

Shorties and Shorts about \$2.95 - Pedal Pushers about \$3.95 - Sleeveless Shirts and Broadcloth Shirts with Matching Candy Stripes about \$3.95 - Casual Jackets about \$3.95 - California Ranch Pants about \$4.95

LEVI'S
DENIM FAMILY

AT BETTER STORES EVERYWHERE, OR WRITE LEVI STRAUSS OF CALIFORNIA • SAN FRANCISCO 6 • MAKERS OF WORLD-FAMOUS



Media spent:

Levi Strauss spent \$1.387 billion on advertising in 2006 and \$1.39 billion in 2007 in the United States. This is the third highest amount of money spent on advertising following VF Corporation with \$2.173 billion and Liz Claiborne, Inc. with \$1.521 ("Jeans" Mar. 2008)

Competitive analyse:

Levi's jeans has many direct competitors; however, the main competitors are Wrangler, The Gap and Faded Glory. These brands have the highest percentage of purchases among jeans buyers ("Jeans" Mar. 2008). Indirect competitors include any company that sells other types of trousers such as khakis, slacks and corduroys, as well as shorts, dresses, skirts, etc.

Because all these types of clothing serve the same purpose and basically have the same attributes besides materials and brand name, differences between the direct and indirect competitors of Levi's can be found through the product positioning and personality. Jeans are no longer seen as exclusively casual but can also be worn for more formal settings therefore making khakis, slacks, skirts and dresses indirect competition. See Appendix B for a comparison of direct competitors.

Product Attributes, Functions, Positioning and Personality

Levi's has always been a traditional brand in the jean industry but is beginning to position itself as a more contemporary, sexy and high-quality brand (Levi Strauss & Co. 2009). Wrangler is a Western and rugged company and claims to be "made for the outdoors" (Wrangler 2009). Faded Glory is a fashion-forward brand, which is positioned to move other products such as t-shirts and outerwear ("Jeans" Mar. 2008). The Gap is an iconic brand for casual basics and uses the phrase "wearing your passion." (The Gap 2010).

Price:

Levi's and The Gap have similar price ranges and are slightly more expensive than Wrangler Jeans. Walmart's Faded Glory brand, however, is almost half the price of the other competitors. Levi's Strauss made \$4.4 billion in revenue last year, a .9% increase from the previous year. Its total operating profits were \$525 million, an approximately 18% decline from the previous year ("VF Corporation Overview" May 2009). VF Corporation, which owns Wrangler Jeans, made total revenues of \$7.6 billion, a 5.9% increase from the previous year, and operating profits of \$932 million, a 2.7% decrease from the previous year. Of this revenue 36.2% was through its jeans wear brands, including Wrangler (\$2.8 billion, a 4.6% decrease from the previous year) ("VF Corporation Overview" May 2009). The Gap recorded revenues of \$15.8 billion, a decrease of 1% from the previous year; however, operating profits total \$1.3 billion, a 7.4% increase. ("Gap, Inc. Overview" Sept. 2009).

Distribution:

The Gap and Faded Glory both sell in one specific location. The Gap's jeans are sold only within their specialty stores. Faded Glory jeans, because it is a Walmart brand, is sold only at Walmart locations. Wrangler and Levi's, on the other hand, have a very wide distribution channel and use similar strategies in disseminating their product. They both sell their jeans at mass merchandisers such as Walmart and Target. With increased interest in their flagship brands, like Faded Glory, these merchandisers are beginning to decrease shelf space devoted to these premium denim brands and allocate more to their own flagship brands. This is a key reason why Faded Glory is considered a major direct competitor to Levi's. In addition Levi's and Wrangler both sell at department and national brand stores such as Macy's and JC Penney. Lastly, they both have their own flagship specialty stores located around the country exclusively selling their own brand of jeans. Because of their very similar.

Promotions:

While these companies continue to advertise through traditional media, they are starting to shift attention toward new media by tapping social networking sites, product placements, digital advertisements and celebrity endorsements. Apparel works well in product placement because a certain type of lifestyle can be portrayed through the storyline. In January 2008 the Levi's 501 Series brand was the focus of a Project Runway episode where contestants were given a challenge to create a cutting-edge look by using Levi's Jeans. Levi's was also featured on the hit comedy series The Office where the lead character tells his employees to wear jeans for casual Fridays and later says, "I love my new Levi's." The Gap has partnered with iTunes for a promotion called "Find Your Favourite Fit." This cross promotion offered free downloads from iTunes to customers who tried on a pair of jeans and featured print and TV spots with actors performing in The Gap jeans. Levi's and Wrangler also make use of celebrity endorsements by choosing individuals who are consistent with the brand personality. Wrangler employs individuals such as football quarterback Brett Favre and NASCAR driver Dale Earnhardt Jr. while Levi's endorsed the rock band INXS to promote its "Rock Star" jeans. Though Walmart does not have advertisements featuring the Faded Glory brand, they have just launched a website for the brand that promotes its price/value positioning which is consistent with Walmart's retail philosophy. Levi's 501 Series ads target a younger audience by showing the jeans as a gateway to a sexy and exciting lifestyle, whereas Wrangler tends to present their jeans as tough and rugged. Walmart has recently redesigned its Faded Glory brand, positioning it as a fashion-forward jean design. As stated before the success of this revamped brand has affected Levi's because the shelf space that was once allocated for Levi's is shifting to Faded Glory products ("Jeans" Mar.2008)

Consumer Analysis:

Levi's is currently targeting two prominent segments. Levi's first current target market is 35-44 year olds who prefer premium jeans ("Jeans" Mar.2008). Consumers are drawn to premium denim due to its upscale image, as opposed to function purposes. The current target market is attracted by the vintage appearance of Levi's jeans. Levi's targets the Home and Family profile of the

American population (“Home and Family” 2008). They live in sub urban areas where they own their own homes. This segment enjoys entertaining people in their home and spoiling their kids. Their lifestyle resembles the American Dream. Levi’s consumers earn a middle income salary and can afford pricier jeans. Consumers in the Home and Family profile like clothes that last a long time. Quality is the most important factor to them in a product. They are family-centred and prefer to be informed in all of their purchasing decisions. They prefer to shop at department stores and mass merchandisers when purchasing jeans. Home and Family consumers schedule their life around their favourite TV shows like SOAP net. They watch a lot of cable network stations, read magazines on a regular basis and use the Internet at home. These consumers visit photo sharing sites and engage in text messaging; however, they do not use new media as heavily as other consumers do (“Home and Family” 2008).¹⁰ and services through their personal email and use the Internet to mingle with others. They enjoy blogging, instant messaging, video sharing, talking through online forums, photo sharing websites and gaming consoles. Cable network stations such as MTV2, VH1, Fuse, Comedy Central, TBS and E! are their favourites. They enjoy reading Seventeen and US Weekly. (“Pop Cultures” 2008)

Macro-Environmental Analysis:

Economic Trends:

Since December 2007, the United States economy has been in a recession (“Determination of the December 2007 Peak in Economic Activity” Dec. 2008). This recession is forcing consumers to spend less money and save what they can. The unemployment rate reached 10.2% in October 2009, the highest since 1982 (“American Lifestyles” Jan. 2010). This caused disposable income to decrease, causing consumers to shop more at mass merchandisers.

Hypothesis of data:

Due to new information about global warming and sustainability, consumers have become interested in acting more environment friendly.

The Hispanic market is now the largest minority group. With a population of 37 million people, they surpassed the African-American population in 2003. Because of their size, Hispanics are beginning to define what is mainstream. Hispanics enjoy wearing jeans at work or going out. In 2005, about 42 million Hispanics spent \$8.8 billion on denim products. The average Hispanic woman reported owning more than 12 pairs of jeans ("Jeans" Mar. 2008). Age is another changing demographic. The population of people aged 12-17 is increasing. This age group has traditionally driven the sale of jeans because of their preference of shopping at specialty stores. However, the group's overall spending is down and only a specific segment of the teen market can afford premium priced jeans. Millennials, those aged 14-31 (born between 1977 and 1994), are also growing and are expected to represent the largest U.S. age group by 2012, a 4.8% change from 2002. Eventually this group will define what is popular ("Jeans is Mar. 2008).

Other Ethical Trends:

While category sales for Jeans fell in 2008 due to the recession, the amount of money given to charities only declined two percent in 2008 ("American Lifestyles" Jan. 2010). This shows that although people are cutting back on spending, they still feel inclined to help others who are less fortunate.

Location

- Brands of jeans are no longer only offered in department stores. Due to its popularity, various manufacturers have decided to open flagship stores for their premium jeans in 13 locations that will appeal to teens who are fashion conscious ("Jeans" Mar. 2008). This will also allow the brands to control aspects of the marketing process. Brands which have started doing this include: Levi's, Tommy Hilfiger, Liz Claiborne and VF Corporation.

Production

Manufacturing has started moving out of the United States and into foreign countries that can produce clothing at a lower price. This has caused various companies to start just designing and wholesaling rather than actually producing clothing ("Men's & Boys Apparel Manufacturing in the US" Jan. 2010). To keep a good name, brands avoid being associated with sweatshops in foreign countries and are demanding better workers rights in overseas

factories. In 2007, it was made illegal in the United States for companies to import products made in sweatshops (Apparel 2008).

SWOT:

Strength-

- Has environmentally friendly jeans, Levi's Eco
- Produces a wide variety of jeans product lines
- Has several distribution channels
- Jeans made of stain resistant fabrics
- Patented copper riveting makes jeans stronger.

Weaknesses-

- Go Forth" campaign is not expected to be effective with target
- Levi's late in joining trend of switching to premium jeans.
- Net revenue has decreased by six percent in the last quarter Jeans industry expected to grow 18% between 2007 and 2012

Opportunities-

- Hispanic marketing is fastest growing market from 14.7% to 15.9% of population
- Companies are using new media to reach consumers

Threats-

- Mass merchandiser private labels (i.e. Faded Glory) are becoming more popular due to cheaper prices
- Popular mass merchandiser private labels are taking more shelf space
- Currency exchange rates are unstable
- New companies filled the void created because Levi's and others lacked innovation¹⁴

Levi's proposal

Levi's is a privately-held branded apparel company; the company designs and markets jeans and other casual wear for men, women and children. Levi's operates in America, Europe, and Asia Pacific with about 11,400 employees and its products are sold in approximately 60,000 retail locations in more than 110 countries (Annual Report, 2009). The company has its headquarter in San Francisco, California. The Levi's brand has a range of products which cater to consumers of all ages and lifestyles which are sold under Levi's, Dockers, and Levi's Strauss Signature brands. Its product offering includes: Red Tab products and premium products such as Levi's Engineered Jeans, Levi's Blue, Levi's Redloop, Levi's Lady Style, Levi's Capital E products and Levi's Vintage Clothing line (Annual Report, 2009). The double arc of stitching, known as the Arcuate stitching design, and the Red Tab device, a fabric tab stitched into the back right pocket, are unique to Levi's jeans. Dockers include apparel for a wide range of occasions. The current Dockers product offerings in the US include Dockers for Men and Dockers for Women. Dockers for Men includes a range of stylish casual and dress products that cover the key wearing occasions for men: work, weekend, dress and golf, whereas Dockers for Women includes a range of pants, shorts, tops, skirts, sweaters and jackets in updated fits, fabrics and styles.

Levi's recorded revenues of \$4,400.9 million during the financial year ended November 2008, an increase of 0.9% over 2007. The operating profit of the company was \$525.1 million during financial year 2008, a decrease of 18.1% over 2007. The net profit was \$229.3 million in financial year 2008, a decrease of 50.2% over 2007. The decline in profits was mainly due to increased selling, general, and administrative costs and high income tax expenses. Net debt at year-end was \$1.6 billion, our lowest year-end level since 1996 (Annual Report, 2008).

Management Issue:

Levi's performance largely depends on the service of key management personnel and board members. Therefore, the ability to attract and retain qualified and effective senior management and board leadership is critical to the success of its business. Levi's has had several changes in its senior management team and board composition during 2008 (Annual Report, 2008). However, frequent changes in the senior management group and board leadership could lead to organizational instability and have an adverse effect on the company's performance. Therefore, Levi's has to develop change management programs considering this fact.

Managing change implies to support the integration and transformation capabilities of the company. Assimilation describes the company's procedures and processes that enable enterprise process, analyze, interpret and understand information from external sources, in our case, demand information from the individual customer. Transformation is the ability to design and re-design procedures that will facilitate the pooling of knowledge and newly acquired and assimilated knowledge (Randall, 2007). The aim is to prevent a new not-invented-here syndrome. The company must be able to assimilate and transform the customer input in the form of necessity and / or information solution for the mass adjustment process efficiently and effectively. Can be exploited based on procedures that allow companies to improve, expand and exploit the skills of existing or create new ones, including acquired and transformed knowledge into its activities. It is the largest and most thorough job. In many companies, the weight adaptation initiatives are tried as a pilot project, but not implemented as part of organizational procedures in the production process (Hughes, 2006). Here, the management of change is to increase significantly the possibility of using a company that wants to benefit from open innovation over a longer period of time.

Research Objectives

This research can attempt to examine change management programs introduced by Levis and their successfulness. The research can achieve following objectives:

- To identify the change management programs introduced by Levis
- To examine the effectiveness of change management programs on Levis performance
- To extend suitable strategy for successful change management in Levis

Value Of Research:

Levis depends on a few customers for a significant portion of its revenues. Customers, filed for bankruptcy which adversely impacted Levis's financial results. A significant adverse change in a customer relationship or in a customer's performance or financial position could harm Levis's business and financial condition. A company's performance largely depends on the service of key management personnel and board members. Therefore, the ability to attract and retain qualified and effective senior management and board leadership is critical to the success of any business. Levis has had several changes in its senior management team and board composition during 2008. Change management has to increase heavily the exploitation capability of a firm that wants to benefit from open innovation over a longer period of time. This is what this research will attempt to examine change management programs introduced by Levis and their successfulness.

Research Design:

Research Method

Research methods are identified as quantitative and qualitative. In quantitative research , a researcher tests a theory or hypotheses. On the other hand, in a

qualitative research, a researcher explores regarding a state of affairs through empirical data (Creswell, 2002). The proposed research will be conducted applying qualitative methods where the purpose will to explore the underlying facts regarding change management programs introduced by Levis and their successfulness.

Data Collection

In a research data collection takes the forms of secondary data and primary data. Secondary data is data that is already available , but primary data is the data that is collected in a research for the exclusive purpose (Sekaran, 2003). In the proposed research both secondary and primary data will be collected. Secondary data will be collected with the help of books, journals and websites, whereas primary data will be collected through interviews and questionnaire. Interviews will be conducted on senior managerial level in Levis, whereas questionnaire will be conducted on middle and junior managerial levels in Levis. The questions in primary data collection will relate to following aspects: change management programs introduced by Levis; effectiveness of change management programs on Levis performance; and strategy for successful change management in Levis. The sample size for interviews will be 8-10, whereas the sample size for questionnaire will be 30-40.

Data Analysis

Triangulation is an effective data analysis method for analyzing both secondary and primary data in a qualitative research (Creswell, 2002). Therefore, data will be analysed in this research through triangulation method, where the data collected through interviews and questionnaire will be triangulated with the highlighted themes of the literature in relation to the research issues.

Theoretical Underpinings

According to Kotter (1996), the most credible evidence suggests that change occurs more rapidly the business environment in the future. Kotter states that the rate of the organic movement will increase pressure on the transformation of organizations will and evolve over the coming decades. He suggests that if

this is a coincidence that the only rational solution is to find out more about what creates a positive change. According to Nickols (2000), change management, has at least three basic definitions which are as follows: the task of change management, which refers to the tasks of managing changes in planning and managing the fashion area of professional practice, where many international advisers profess, specializing changes in management on behalf of clients, a resource of knowledge, which consists of models, methods and techniques, tools, skills and other forms of knowledge that make up go to

Discussion:

McKee (1998) provides an interesting perspective on managing change in thinking about the difference between change and transformation. He argues that the changes are successfully made by organizations, but not in the process of transformation. Change is natural, as the transition from point A to point B, but the transition is the psychological process that people must go through to come to terms with the new situation, and that takes time. It begins in the transitional period from the end. For those who successfully make changes, you must leave the past. Transition is in the process of inward psychological, going much slower than the reorientation exercise.

Changes in the organization are not happening in a vacuum. If nothing happened interference organizational life, the changes will be very slow and it may be only coincidental (Senior, 1997). Establishing a sense of urgency is necessary to obtain the necessary cooperation to bring about change. Employees at all levels of the organization must be aware of the forces driving change, and must be motivated to make changes that will affect their personal and work environment.

Because significant changes are so difficult to achieve, a powerful force is required to sustain the process (Kotter, 1996). A strong guiding coalition is always needed - one with the right composition, the level of trust and common goals. This is the type of leadership that must be present in considerable efforts to change transformational leadership. Transformational leadership is that leaders are agents of change (McShane and Von Glinlow, 2000). Leaders

develop a vision for the organization, and inspire employees to bond together this vision, making them can do attitude that makes the vision complete. Transformational leaders stimulate and direct employees a new set of corporate values and behaviours.

Managers must be clear in communication and formal communication plan is very helpful during change initiatives. Communication competes with the shares of the mind much more. Poor communication exists when senior and middle management do not confer with supervisors and employees about the planned changes (Kendall Consulting, 2003). Communication needs to be assessed by looking at why, what, how, when and communication during the planning and implementation of changes. Many interventions do not change, because most companies do not plan and manage communications, which means that the program could not change awareness, support, participation and commitment necessary for success.

The change must be linked with a sense of urgency and must be driven by different driving forces, which must be stronger than the centripetal force. Employees must be motivated to make changes, believing that the benefits outweigh the cost of change; there are some practical first steps in the change more real people. Having a powerful force behind the change involves having a senior management team, which supports and drives the change. Implementation of change requires constant and effective communication. It should be based on formal communication plan that motivates employees to make changes, which repeats the need for changes in the minds of workers. The communication plan must be based foundation for change. An important feature of formal research is that it comes with a question or problem and the test shall be considered as a systematic study aimed at providing information for managerial problem solving (Cooper and Schindler, 2001). It is important that research be considered to be reliable, that the results of research and this article should be viewed as a reliable and valid.

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Conclusion:

Through this research we come to know about the influence of costly brands on consumer decision. This research tells how the Levi's brand goes through up and down. How the brand Levi's gets through problems and gets their solution. The Levi's produce creativity and uniqueness in their product, they change the design to come out from the trouble. The Levi's brand once got failed due to similar designs and shrunken cloth. But later they improve their design and now Levi's is one of the costly brands and favourite among people. In the case study I found that Levi's brand has been faced similar design problems and shrunken cloth problems and after that they come out with new solutions and they become more stronger after facing consequences.

Bibliography:

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Foundation Of Marketing

Influence Marketing

Consumer Behaviour –A strategic Approach

The Reawakening

Levi's Will

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Hindustan Times

Times Of India

Economics Time

Websites:

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www.levisstrauss.com

