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*Section* 15

**IMAGE IS EVERYTHING**

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mugs—all of which come in the distinctive packaging. As a result sales increased greatly between 1996 and 2005, from \$174 million to \$2.2 billion. The company's challenge now is to maintain its air of exclusivity while also making the most of its brand. And to avoid disappointing women the world over who open that elegant little package expecting a \$500,000 diamond engagement ring and instead finding a \$20 packet of playing cards.

## REFERENCES

*Atlanta Journal-Constitution, Australian Financial Review, Chicago Sun-Times, Contra Costa Times, National Post (Canada), New York Post*

# Levi's

## A business cannot rely on its legend

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**L**EVI'S JEANS WERE ONCE SO HIGHLY PRIZED AS A SYMBOL OF rebelliousness and freedom that during the Cold War western tourists could smuggle them into Moscow and sell them for the price of an air ticket back out again. In fact, Levi's reports its jeans are still used as currency in parts of Russia.

Levi's, particularly the 501 style, are still the jeans of choice for the Baby Boomers who grew up with images of Levi's-clad James Dean and Marlon Brando. But the market for denim has fragmented since 501s ruled supreme, with dozens of lesser-known labels offering an extraordinary range of styles. Levi's has struggled to reinvent itself for a new generation of customers who associate the brand with their parents' generation.

Levi's is still the market leader in volume, but it faces the predicament of many super-brands, such as Nike and Gap, which

suddenly find their label is no longer fashionable. How does it regain marketshare without compromising its heritage and losing its traditional customers?

How much simpler it was for Levi Strauss back in the late nineteenth century, when his customers—miners, farmers, and laborers—were more concerned about pockets ripping off their jeans rather than whether their bums looked big in their new jeans.

Levi Strauss, who changed his first name from Loeb when he migrated to the United States from Bavaria, ran a wholesale dry goods store in San Francisco during the gold rush, selling handkerchiefs, blankets, and clothing to general stores throughout the American West. One of his customers was Jacob Davis, a Latvian-born tailor who had an idea to rivet the pockets onto pants to give them extra strength. He suggested to Strauss they go into business together, and in 1873 they successfully patented their design, which they called “waist overalls.”

The riveted pants had buttons for suspenders and a single back pocket onto which was stitched a curved “V,” a design now known as the Arcuate. In 1886, they introduced a leather patch on the rear waistline depicting two horses unsuccessfully attempting to tear apart a pair of pants, an enduring Levi’s symbol. Around 1890, Levi Strauss numbered the waist overalls “501;” then in 1936 the company added the signature red tag to the rear pocket with the word *Levi’s* stitched in white capitals. The stitching, the patch, the tag, and the number 501 were to become cornerstones of the brand.

*Vogue* magazine first decided working-class denim could be fashionable in the 1930s, but it was the youth of the 1950s who adopted blue jeans, particularly Levi’s, as a symbol of rebellion. Levi’s became the uniform of New York’s art scene, while on the west coast the hippies decorated theirs with flowers. In Britain, denim became the uniform of the Mods.

In 1966, advertising agency Foote Cone & Belding produced Levi’s first television advertisement. In the early 1970s, a copywriter

named Mike Koelker started on the Levi's account. By 1984, when Bob Hass, Levi Strauss's great-grandnephew, was named Levi's chief executive, Koelker was on the account as executive creative director. He and Hass struck up a friendship that was to smooth over the usual quibbles between agency and client, often catching up after business hours to hammer out marketing problems. The 1980s was a fruitful period, with Koelker masterminding a series of campaigns that employed nostalgia and patriotism to brand Levi's, and particularly the 501 jeans, as quintessentially American. Between 1986 and 1996, Levi's enjoyed uninterrupted growth.

Meanwhile in Britain, Levi's advertising agency Bartle Bogle Hegarty had a hit with an advertisement that showed male supermodel Nick Kamen stripping down to his boxer shorts in a laundromat to wash his 501s, to the strains of Marvin Gaye's "I Heard it Through the Grapevine." Levi's sold a reported 800,000 pairs of the jeans on the strength of the campaign, inadvertently sparking a rush on boxer shorts and sending Marvin Gaye to the top of the charts for the first time in decades.

Things began to go wrong for Levi's in 1994 when, back in the United States, Mike Koelker was diagnosed with lung cancer and left Foote Cone & Belding on medical leave. Levi's no longer received the same intimate attention it had enjoyed with Koelker. This was not a good time for a change in strategy: Levi's was facing increased competition from designer denim and was stuck with an aging product line.

In 1999, Hass brought in Philip Marineau to run the company. Marineau, formerly of PepsiCo, streamlined distribution and oversaw the closure of Levi's remaining American factories. He then focused on the product lines, replacing the old "one brand" approach with several splinter ranges sold from a diverse range of outlets: from the \$300 "Red" and vintage labels available only at upscale boutiques, to the "Signature" line jeans, the first Levi jeans sold at mass discounter Wal-Mart, which offered them for as low as

\$9. The new sub-brands still play on the old values of reliability and quality, but have largely dropped the “American legend” style of marketing. In its place is a Levi’s that at least appears fresh and contemporary, with a manufacturing and distribution chain it hopes can respond effectively to changes in demand. Can it regain its dominance of old? That’s what Marineau is hoping.

## REFERENCES

*Adweek, Chicago Tribune, Creative Review, Daily News Record, Financial Times, The Guardian, The Irish Times, LA Times, San Francisco Chronicle, Sunday Times, Time, WWD*