



Levi's "Personal Pair™" Jeans (B)

The Personal Pair™ kiosks were very popular almost immediately. The experiment was extended to seven stores by the Summer of 1995. About one half the sales were repeat orders which greatly simplify the point of sale process. In October of 1996, Heidi LeBaron-Leupp, marketing director for the Personal Pair™ program, declared it a "phenomenal success." For the styles affected, unit sales were up 49%!

There were now 60 Personal Pair™ kiosks across the US, including one in each of the Original Levi's Stores. The program was responsible for 25% of all women's jeans sales in the 30 US company-owned stores. Strauss priced each Personal Pair™ \$15 higher initially, with very little customer resistance. In March of 1996, the premium was cut to \$10 to see if overall demand is price elastic in this range. Delivery was averaging only 4 to 5 days. The "promise date" had been cut from three weeks to two. All orders are shipped via Fed Ex which picks up daily at the Crystal City plant (near the Fed Ex hub in Memphis).

Levi Strauss acquired CCTC for more than \$2 million in October of 1995. The acquisition insured that CCTC would continue to work with Levi's, and only with Levi's, to expand and improve the computer-based custom fit/custom manufacturing/direct distribution segment.

Two years into the program (Fall, 1994 to Fall, 1996), the company's experience was that Personal Pair™ resulted in no change in cotton cost or manufacturing cost, but it totally eliminated distribution costs per pair since customers quickly opted to pay the \$5 Fed Ex charge.

Also, required capital investment all along the value chain was dramatically reduced. Exhibit 1 shows the revised value chain.

In the Fall of 1996, Levi's introduced "Personal Pair" in two Original Levi's Stores in London as the first overseas location. The price was £19 higher than the regular £46 price. Manufacturing was still in the US with distribution via Federal Express.

This case was written by Professors Lawrence Carr, William Lawler and John Shank of the F.W. Olin Graduate School of Business at Babson College., as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation . It is based on publicly available information.

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Assignment Questions

1. Construct the final profitability analysis for a single pair of women's jeans sold through the Personal Pair™ kiosk channel.
2. What is the future of the regular value chain?

Exhibit 1
Levi's "Personal Pair"™ Jeans Value Chain

