



LEVI'S TRAUSS

Marketing Fundamentals Analysis and Evaluation

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Introduction

No other wardrobe item with such a fascinating story. It is strange to imagine, but the jeans that look so modern to us appeared in the middle of the 19th century. They owe their birth to Leibe Strauss, who emigrated to America from Germany in 1847. Arriving in the United States, the eighteen-year-old boy changed his name to Levi Strauss - and under him he went down in history forever. With over 167 years of history, Levi's jeans are known all over the world. Surviving and surviving the two world wars and the Great Depression, today the company enjoys world fame and commercial prosperity, despite the constant turmoil and uncertainty caused over the years by economic, political, and pandemic factors.

PESTEL

Timely and accurate analysis of the market and the geopolitical situation is at the heart of a company's economic growth. Achieving the desired corporate goals and growth is achieved by developing good and quality strategies as well as timely and adequate decision-making, having a complete picture of the market (Marmor, 2015). Knowing the main external forces of the environment and being competent, Levi Strauss skillfully applies the PESTEL analysis.

Pestel analysis is used for management and strategic planning of companies. Analyzing the political, economic, social, technological, environmental, and legal environment and their impact, determines the relevant macro environment.

Long-term sustainability and profitability as well as indicators of production efficiency are dependent on political factors and are seriously influenced by them. There are many political conditions that determine strategic planning as well as the measurement of potential risks in order to achieve long-term financial success and growth (Marmor, 2015).

Political stability.

Levi Strauss has a business and is developing in many countries around the world. The political situation is different in different markets. In countries with political tensions and stability, they influence and limit the likelihood of growth. As is well known, in the presence of political chaos, there is a withdrawal of foreign investors, a lack of confidence and, consequently, economic stagnation. In this regard, political stability provides a favorable business atmosphere, with clear growth trends in the market.

For both Levi Strauss and any successful and growing company on the international stage, it is extremely important to investigate possible policy changes that would affect the development market of various industries. In this regard, the absence of frequent political decisions that would lead to an unstable and uncertain business environment is of great importance (Marmor, 2015).

A developed and stable democratic political system lays the foundations for successful international business for companies such as Levi Strauss. The lack or presence of political pressure affects the political, and hence the business environment. For this reason, Levi

Strauss needs to get acquainted with and cooperate with all local trade unions, environmental activists, animal protection organizations, social activists and others who play an important role in the political life of each country and whose cooperation would help long-term corporate success (Eastern Daylight Time, 2020).

Corruption and bureaucracy also hamper economic development, causing distortions and inefficiencies, which is definitely not a goal for Levi Strauss. In the private sector, corruption increases costs by the value of illegal payments themselves, the value of negotiations with government officials and the risk of disclosure.

Corruption also creates economic distortions in the public sector, diverting public investment to projects that have more opportunities for bribes and commissions. In this regard, Levi Strauss and any successful international company is expected to avoid such a business environment (Mojica, 2019).

The existence of tax breaks, good tax policy, lack of trade restrictions or minimal ones, logically increases the profits of companies and is attractive to both domestic and foreign companies.

Transferring part of the corporate tax and social security payments, ceding the right to build or providing free land would attract Levi Strauss as an international company aimed at expanding the business and increasing its profits. The purpose of this type of policy is to make all institutions work in a new way and to provide special incentives to attract companies from high value-added sectors (St, 2021).

At the same time, high trade restrictions create a complex business environment that is unattractive to foreign investors due to reduced trade profits and negative attitudes towards foreign trade partners, as well as the adverse impact of exports.

In order to attract foreign investors in infrastructure development, it is necessary to have banking projects and to offer liquid capital-market instruments for their financing. Banks are generally considered to be projects with sustainably predictable cash flows of revenues and expenditures, whose risks are quantifiable, and their assets have a market value and an acceptable level of liquidity (Research, 2021).

Economic factors

The overall economic environment of a country is determined by indicators such as interest rates, labor market, stability of the local currency, inflation, interest on deposit accounts and others. As a successful and experienced company, Levi Strauss analyzes the economic factors within the framework of PESTEL (Marmor, 2015).

Economically developed countries provide unlimited opportunities for development and growth of foreign and domestic companies, in particular Levi Strauss. On the other hand, entering developed economies would be difficult and challenging due to the satisfaction and saturation of the market. In many cases, for this reason, developing economies are far more attractive and Levi Strauss has repeatedly proven this by entering this type of country.

It is generally accepted that 2.5% to 3.5% growth in real GDP per year is the most beneficial level for a developed economy, because it is enough to provide corporate profits and help grow jobs. Such growth is moderate and does not raise unnecessary concerns about rising inflation. When economies emerge from recession, there are periods of GDP growth in the range of 6% -

8%. The definition of economic recession is two consecutive quarters with negative GDP growth (AMADEO, 2021).

Another important indicator related to GDP is GDP per capita. It shows the share of goods and services that per capita of a country. This indicator measures the well-being of citizens and is also important for Levi Strauss.

Exchange rate fluctuations affect gain and international trade. High fluctuations in the local currency could be a cause for serious concern for Levi Strauss.

At the heart of any business is human capital. According to the conditions of the labor market, wage rates and the levels of skilled labor depend on the demand and supply of labor. Given the labor market conditions, business performance depends. The more educated and capable the workforce, the easier and faster it is to develop a good business environment. High productivity is a factor that Levi Strauss would benefit from (Levi Strauss & Co., 2018).

The conquest of new markets globally depends on the financial markets. Liquidity and the ability to conquer new markets, in turn, are influenced by the ability to master highly efficient financial markets. Good players like Levi Strauss skillfully and fairly predict the effectiveness of these markets.

The economic structure influences the practical techniques of Levi Strauss. The main source of competition may vary from one area of work to another, but there is competition from other local or regional companies, from companies outside the country and from companies located around the world. Competition may appear at first glance out of nowhere, with the emergence of new products that replace current products with more desirable products or with products that provide the same benefits at significantly lower costs (KUEPPER, 2020).

Social factors

Levi Strauss's marketing strategies must be based on information derived from environmental and social analysis aimed at consumer groups, increasing the attractiveness of the products offered to future and potential buyers. Social norms, tendencies and values are the basis of the organizational culture which is influenced by them (Marmor, 2015).

Power structures, demographics, consumer spending, skillful analysis and knowledge, helps Levi Strauss, through PESTEL analysis.

Demographic processes are of paramount importance to world-renowned companies such as Levi Strauss. The diversity of the population structures is too great: age, gender, family, education, ethnicity, according to income, employment, place of residence and others.

Certain population structures are leading to economic growth. They are also the basis for the effective direction of social policy - structurally differentiated social policy. Choosing the right market segment and marketing strategies are significantly influenced by demographic trends and processes.

Growing income inequality is fundamentally changing the structure of government, which has significant consequences for international companies such as Levi Strauss (MARATI, 2012).

A company like Levi Strauss needs to research gender roles for its marketing and communication procedures. Marketing and human rights strategies will be radically different in different societies.

The morals and culture of a market are essential and determine consumer behavior. Marketing strategies are guided by public attitudes towards cultural characteristics. Offering luxury products at first-class prices in a market where the high-end market is significantly small will require Levi Strauss to pursue a niche market. It is a very small market segment in which a company "can hide". Or apply a strategy of differentiated marketing. In it the company chooses marketing decisions individually for each market segment.

Levi Strauss skillfully and quickly adapts with entering the online market. Nowadays, all companies take into account the increased use of websites, social networks, mobile devices when developing marketing and communication strategies. More and more consumers are encouraged to shop online through social media. Intergenerational differences are taken into account when processing the data collected, for example, younger consumers are more likely to shop online.

Given the pattern of consumer behavior, we can not fail to mention the factors influencing the choice of certain goods. This can include age, gender, educational level, any personal reasons. Consumer factors are also certain psychological aspects, ie a person's temperament, his character. The choice is influenced by the cultural level, for example, the individual can associate with any subculture. The social factor also applies to the issue at hand. For example, this could be the attitude of a person towards any political group. The economic factor is also important. It may include the level of human income, the value of certain goods. Cost models are influenced by purchasing power. The purchasing power of money is an important indicator from which to draw conclusions about the state of the economy and which has an impact on real incomes and living standards. Levi Strauss quite skillfully managed to survive even during the Kovid pandemic, which is proof of the rapid and skillful analysis of the market, as well as its adaptation to force majeure (MARATI, 2012).

Technological factors

Over the last two decades, scientific and technological progress has developed at a rapid pace. As an essential part of the PESTEL analysis, the importance and factors of technology is extremely important in making strategic decisions. Following the technological trends, their detailed analysis leads Levi Strauss to strengthen the innovation process as well as to increase operational efficiency, and hence to increase profits.

Social media marketing - In today's business environment it is common to use social media for corporate purposes. The improvement of the cooperation with the clients is a consequence of the development of the information and communication technologies. All this led to the launch of insightful campaigns by Levi Strauss on social media.

In order to stay ahead of the competition, technological innovations play a big role and Levi Strauss pays attention to them as well. 5G, increased speed, expanded access, provide good business results through fast contact with consumers. By entering countries with

underdeveloped technologies, Levi Strauss has the opportunity to increase its market share by focusing on emerging technologies for the region (Mogg, 2018).

Research and development of technologies and the impact on the cost structure / value chain

To increase sales or maintain established positions you need to be a few moves ahead of the competition. By researching at a macro and micro level what investments competitors have made, Levi Strauss will understand how new technologies affect the company's value chain and the prevailing cost structure. To maximize income, Levi Strauss must invest in new, groundbreaking technologies.

Environmental factors

The constantly changing climate and climatic conditions have turned the attention of countries in the direction of protecting the ecology of the planet Earth. There are different normative bases for different businesses and markets - standards, laws and regulations. In view of its presence in many markets in different continents and countries, Levi Strauss carefully studies and applies the relevant regulatory framework to avoid unforeseen and undesirable events and circumstances. A thorough analysis of the ecosystem is mandatory when entering a new market or even just a new product line (Marmor, 2015).

In more and more countries, due to technological developments and high pollution, new waste recycling practices have been adopted, as well as their control. Effective implementation of waste control is extremely important for Levi Strauss, because in addition to complying with laws and regulations, innovative recycling technologies also reduce costs, which in turn increases the company's profits.

Investments in renewable technologies are made because they are encouraging and offering subsidies from many countries. Last but not least, such investments strengthen Levi Strauss's good reputation, which in turn expands their influence on customers.

In recent years, we have seen a trend of increasing the use of organic products. Environmental business practices are a good opportunity for Levi Strauss to attract stakeholders to his side. A priority for Levi Strauss is a marketing strategy aimed at the environmental side of their products.

Environmental regulations are related to the protection of natural resources. The more famous and successful a brand is, the more it is in the spotlight. The media, the public, various environmental organizations and the like have the task of monitoring, controlling and informing the public and public authorities about compliance with environmental regulations. In this regard, the excessive depletion of resources by Levi Strauss would lead to a negative attitude of the above-mentioned organizations (Levi StraussCo, 2020).

Legal factors within the framework of PESTEL

Many of the factors mentioned so far in Pestel's framework have a legal character anyway. In this part, however, we will pay attention to the laws for the protection of employees, consumers as well as the laws on intellectual property. Their in-depth knowledge and correct application is mandatory not only from the establishment and start of the business, but also when entering and conquering new markets (Marmor, 2015).

Human resources are at the heart of almost every business. It is not an unknown fact that good working conditions and working environment lead to less staff turnover, and hence to good financial and accounting performance. In any case, Levi Strauss is required not only of a moral and ethical nature to comply with occupational health and safety laws, as well as anti-discrimination and employment laws as part of the employees' legal ordinance. As we know in our time, a good reputation can be quite easily damaged by discriminatory claims and scandals. For this reason, Levi Strauss's human resources departments are carefully examining the entire legal framework with the Employee Regulations (Dumas, 2021).

Everyone is a consumer and knows how important it is to respect and protect their consumer rights, whether for a product or a service. Protecting the privacy and security of consumers in today's world is one of the challenges for companies as well as for Levi Strauss. In order to protect Levi Strauss's customers, the company must research and adhere to this regulation. This part also includes standards and regulations for maximum price, quality guarantee, protection against fraudulent and misleading advertising and corporate marketing policies (Dumas, 2021).

Valuable, pioneering, and original ideas as well as patents are protected by intellectual property laws. The lack or poor protection of intellectual property can lead Levi Strauss to lose its good position in the market and thus to the advantage of their competitors.

As seen so far, detailed analyzes of the factors and tools of the macro environment determine and shape the respective business environment.

Swot analysis

The goal of any company is to position itself well in the market, to improve its services or goods to meet the needs of consumers, increasing its sales constantly. In this regard, let's take a look at Levis' SWOT analysis.

Strengths

The strengths of a company are essential, giving it stability in the market. For example: all the advantages that a company has, such as: good positioning and strong need for the product or service, high productivity, impact, efficiency.

One of the famous brands in the world with a solid name.

Levi's enjoys great popularity, as the brand itself is a proof of quality. Their brands are: Dockers, DENIZEN from Levi's, Levi Strauss & Co.

According to the annual report of Levi Strauss, by the end of 2020 they have: 520 suppliers, of which 484 factories and 75 mills, 50,000 retail outlets, 3,100 specialty and branded stores, 14,800 employees (Levi StraussCo, 2021).

They have a serious distribution network.

Levis' weaknesses

In order for a company to prosper, one of the prerequisites is to know the weaknesses in order to reduce the risk of all kinds of losses.

By working with many subcontractors and suppliers of raw materials, the company may become dependent on suppliers, increasing the risk of non-compliance with agreements, which can lead to losses and bad image (Eastern Daylight Time, 2020).

Opportunities

The Covid pandemic gave Levis a chance as it increased the demand for comfortable everyday clothes of good quality.

With online platforms and a well-developed distribution network, Lewis can meet customer demand and increase sales growth (Chang, 2021).

Threats to Levis

Using natural resources for the clothing production process, Levy faces the threat of climate change, which has been talked about so much in the last decade, despite its good policies in this direction such as:

50% reduction of water use in manufacturing in areas of high water stress by 2025. 100% of key fabric and garment suppliers will meet their contextual Water <less targets by 2025. 100% of key fabric and mills will become designated Water <less targets by 2025. 90% Absolute reduction in GHG emissions in all owned-and-operated facilities by 2025. Renewable electricity in all owned-and-operated facilities by 2025 (Levi StraussCo, 2021).

The constant threat of huge and aggressive competition.

Increase in production costs and wages.

Closure of markets due to the Kovid pandemic.

Marketing mix strategy

Product

With nearly 170 years of history and extensive experience in the clothing industry, Levi Strauss has millions of faithful customers, won thanks to the quality, variety, comfort and design of their clothes. With a wide range of patterns, colors, fabrics, their clothes are known for standing the test of time.

They offer both denim and winter jackets, with modern and unique designs, as well as all kinds of pants, jeans, blouses, vests, shoes, all kinds of accessories for everyone from small to large, including modern and expensive collections (Levi StraussCo, 2021).

Price

Levi's pricing policy is based on various circumstances such as product demand, uniqueness and design, model, and accessibility for customers. As for different markets, different products are offered, and there may be a difference in the prices themselves.

Place

As we already mentioned the company has 50,000 retail locations, 3,100 specialty and branded stores, 14,800 employees (Levi StraussCo, 2021).

They have a huge chain of franchise model around the world, due to interest from many parts of the world. They also have many rented warehouses for storing the available products.

There are warehouses in every country with retail outlets to sell products easily and quickly. Due to the high competition, all the company's sales channels have been renewed and expanded to outperform their competitors.

The company also has an official website, where every customer can easily and conveniently make their purchase without wasting time. There is also a delivery option that buyers can take advantage of (Levi StraussCo, 2021).

Promotion

Levis conducts modern and active advertising. They create original and artistic advertisements, which are broadcast and shown on various media such as televisions, radio stations, newspapers and magazines, billboards, social networks and more. By often producing various advertisements, they manage to maintain constant interest from their customers.

Levis also attracts celebrities for his commercials such as Brother Pitt, Priyanka Chopra, Deepika Padukone and Akshay Kumar, Maxine Magolona, Laulen Young, Shamsi Sups and Venus Raj. Levis uses the method of competitive advertising to promote its products (Watson, 2020).

Social networks and the Internet have become an excellent advertising platform for their products, as everyone can easily find and access various available portals.

Conclusion

As we have seen, the company is successful and with its long history and experience we hope to delight its customers for years to come.

Modern fashion designers use all kinds of materials and decorations to modernize simple things like jeans. And fashion lovers around the world are looking forward to the latest collections to find out what new they can come up with with jeans that were once the usual workwear of gold diggers.

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