

LEVI DOCKERS CASE STUDY

I. BACKGROUND/INTRODUCTION

A. KEY POINTS OF THE SITUATION

- Levi Strauss, the founder of the Dockers, was a Bavarian immigrant whose idea came up as a result of helping gold miners get clothing that would suit their rugged lifestyle. Levi Strauss continued to modify the jeans by adding pockets, improving the material, and looking for more ways to improve the durability. The jeans started gaining popularity by 1980, and the number 501 became assigned to the name “Levi 501 jeans.”
- In World War II, Levi jeans became an essential commodity as the government requested them for workers to wear. Between the 1950s -1960s, the Levi jean was seen as a form of independence and self-expression, it grew popularity and was worn by all to the extent that the Levi brand name became synonymous with Jeans.
- In 1975 the company occupied a third of the U.S jeans market and had expanded to include men sportswear, female and children apparel and wears. Regardless of this diversification, Levi 501 jeans remained the highest selling product from the LS&Co. brand. LS&Co. also acquired other clothing wear brands such as Koracorp industries and Resistol hats to appear as the go-to brand for apparel and wears.
- At the beginning of LS&Co., ads mainly focused on the western gold miner theme, focusing on quality and durability. As time went on, the ad’s theme shifted to include a more contemporary Levi Jeans and Men-style representation. After the expansion and

acquisition, LS&Co. structure gave divisions the autonomy to have specifically targeted ads to showcase what each division was selling. This increased advertising spend by \$100 million, with the majority of the fund going towards television ads.

- To remind the consumer of the Levi Jeans brand positioning, LS&Co. conducted a 501 blues campaign targeted at 12-24-year-olds that doubled sales and increased 501 jeans sales on eBay nationally.
- In the 1990s, baby boomers recognized the need to be more versatile in their fashion style and needed casual pants to match their new lifestyle. This led to a new demand challenging LS&Co. to develop new casual slacks and new restyled fitting jeans to serve the baby boomers market.
- To brand this new line of casuals, the LS&Co. team called it Levi Dockers; they believed that this name with the inclusion of Levi's moniker in the Docker Logo would be suitable to its target audience. Levi Dockers partnered with retailers such as JCPenny to enable the availability of its products in areas where baby boomers shopped. Levi Dockers offered retailers sales support and financial support for advertising and promotional activities. With the full help of the retailers, Levi Dockers became one of the frontiers of Men wear fashion in the casual industry.
- To expand their territory in the menswear industry, the team decided to push a campaign to position Dockers as contemporary and comfortable wear for various occasions. Levi Dockers team also invested in consumer advertisement. The success of this campaign led the team to expand the Dockers images beyond plain khakis.
- 1993 was a significant year for Dockers as sales grew by \$1 billion, and it promoted a casual office environment with its newsletters and articles to corporations. This yielded

positive results. Also, Dockers expanded and ventured into the European market. The team also launched its Dockers Authentic Brand Label. That same year Levi Dockers experienced a decline in sales and loss of customers as wrinkle-free pants became a new trend.

- After so much reluctance by the team, LS&Co. finally decided to launch a “Wrinkle-free” Dockers pants and a “Nice Pants” campaign leading to about 80% of the men’s casual pants sold at significant departments stores. The growing need to become more fashionable prompted the launch of the Slate line to leverage informal, casual wear for Fridays.
- LS&Co. created the Dockers Recode brand extension for fashion-forward customers and the Dockers Mobile Pant for tech fashion lovers to set itself apart from competitors. LS&Co. Started focusing on the quality of its products through different temperatures. LS&Co. team also created the Dockers thermal Adapt Khaki that absorbed excess body heat and released it as the body cooled.
- By 2005, John Goodman became the president of the Dockers brand, his tenure brought in a dynamic shift leading to a change in the brand logo, tagline, and segments for the Dockers brand to include a feel-good approach.

B. MAIN ISSUES

Lack of Staying-Up-To-Date on Industry Trends & Developments

- LS&Co. failed to stay updated with product changes in the jeans market leading to high competition from designer brands such as Calvin Klein, Haggar, and others. A new trend by casual manufacturers included the production of wrinkle-free cotton pants —

Haggar — a competitor of the Levi Dockers, held a 73% share in this segment. This posed a challenge to Levi Dockers because consumers accepted the “Wrinkle-free” pants with open arms, knowing they would not need ironing. The Levi Dockers team was hesitant to create Dockers wrinkle-free pants; this led to a decline in sales in 1994, and consumers started purchasing from their competitors.

- Consumer research also showed that LS&Co. was losing current customers and not attracting new customers. In 1990 LS&Co. suffered a significant financial loss of about \$207 million in sales. Net profits dropped to \$5.4 million from \$102.5 million due to being outdated and not staying updated with what the teens wanted.
- Also, Moody’s investor’s service cut its rating on its \$2.3 billion debt junk status.

Lack of Online Brand Presence — Ineffective E-commerce Website

- LS&Co. invested \$5million in web advertising to drive traffic to Levis.com websites for both Levi Dockers and Slates, but this campaign was ineffective and led to few results. However, LS&Co.’s move to stop the e-commerce website gave room for other competitors to outshine LS&Co. products digitally.

Financial Loss Due To Flawed Diversification

- Between 1980 and 1982, LS&Co. experienced a decline in sales by 10%. The other products and brands besides Levi Jeans were not getting expected sales and recognition as its competitors stood above the products in the market.

- After expansion to include Docker Home as part of their products, LS&Co. incurred financial debt of over & \$2.3 billion and lower net sales. This led to the contemplation of selling off the Docker brand.
- LS&Co. suffered a & \$114million loss in 1985 after a \$1.65 billion leveraged buyout leading to the selling of the non-core businesses and closure of factories, massive layoff, and reduced payroll.

C. OBJECTIVES

Brand Positioning

- LS&Co. primary objective was to preserve the values and traditions while increasing its efficiency, penetrating the market, and reducing cost savings.
- LS&Co. Introduced the Dockers “Urban networking” program to position Dockers as the desired brand among the significant urban influencers.
- In 2005 the company decided to rebrand its tagline to “Dress to Live” to expand its brand positioning to fit all round lifestyle fashion.
- Levi Dockers introduced the establishment of Dockers shops and its in-store concept for Men’s department with two objectives:
 - To introduce the Dockers casual pants to retailers
 - To create a friendly environment that would motivate consumers to easily purchase Levi Dockers with the aid of various posters and point-of-sale displays.

To Maintain Its Brand image.

- The award-winning 501 Blues campaign aimed to reinforce the brand image, philosophy, and values of LS&Co. primarily to remind consumers of the uniqueness of 501 jeans and how it fits their everyday lifestyle.

To Maintain Brand Reputation

- To remain relevant and long-standing, LS&Co. decided to expand to serve the 25-49-year-olds (baby boomers) by creating a new casuals product category with the sole aim of positioning the product to be more “formal than jeans and less casual than dress slacks.”

To Build Brand Awareness

- To maintain its place as the top tier in Menswear brand, Dockers decided to launch a marketing program that will:
 - Create Brand Awareness and educate its audience about the new product - new Dockers-type pants
 - A brand image will leverage Levi’s positive brand associations while maintaining its autonomy and differentiating factor.
 - Connect consumers to the brand with emotionally compelling ads.
- LS&Co. team unveiled the Dockers Authentic Brand Label to attract highly stylish customers.

D. QUESTIONS

1. How would you characterize Levi's branding strategy in general? What are the positive aspects? Are there any negative aspects?
2. Analyze Dockers' communication strategy at the time of the launch. How did it fit in with past Levi Advertising efforts? How did it contribute to brand equity?
3. How would you characterize the Dockers brand image? What makes up its brand equity? Evaluate the move to expand the line into the bedding, bath, and luggage markets.
4. Describe some of the changes in the Dockers marketing strategy from its debut. Has LS&Co. Maintained a consistent enough marketing message? Is it well-positioned strategically and tactically to maintain its strong leadership status in the coming years?
5. Dockers missed out on the "wrinkle-free" trend when it first surfaced. Not incorporating this technology into pants hurt the company. Years later, Dockers included technology in its products, creating the Thermal Adapt Kahki and Perspiration Guard shirt. Was adding this technology to their products the right move, or did Dockers "go too far" in adding these features to their clothes?
6. Evaluate the Dockers' decision to stop selling products directly to consumers on its website. Dockers' main competitors (e.g., Gap, J.Crew, and Abercrombie &Fitch) are heavily involved in online retailing. Should Dockers reconsider their decision?
7. Imagine that you are John Goodman and have just been named as the head of the Dockers brand. What are your priorities? What do you do first?

II. CRITICAL ANALYSIS

E. RELEVANT INFORMATION

1. Brand positioning is imperative for every brand. For LS&Co. to remain relevant and be a thought leader, it must ensure consumers perceive the brand correctly by creating the right brand associations through advertisements, email marketing, and social media marketing campaigns. In the past, LS&Co. made continuous efforts to position Dockers in the mind of consumers. Brand positioning helps create awareness amongst its target audience, guides brand messaging and builds brand loyalty and authority. Brand positioning helps a brand determine its point of difference from its competitors.
2. Brand messaging is very important because it can either lead or mislead your consumers. Every brand wants its brand messaging clear, concise, and simple to drive home the point. LS&Co. should ensure its taglines and advertisement communicate its values and benefits clear to consumers. Also, the channels of communication are essential aspects of brand messaging. In 1988 Dockers advertisement campaign was set to air on spot television where men of 25 -49 would watch sports and late-night programs. This emphasizes that as much as messaging is essential, the channels a brand uses to pass across a message are also crucial. LS&Co. should explore other communication channels such as social media, email marketing, blogs, websites while using traditional advertisement methods.
3. Brand equity is how consumers perceive brands in their minds—the memory of associations they have in their minds. LS&Co. should ensure it creates positive

memory association in the mind of consumers by staying updated with industry trends, conducting constant market research, and partnering with retail traders.

A Lack of positive memory associations will lead to a decline in sales. For example; The baby boomers, who were LS&Co.'s main target audience, started to perceive LS&Co. 501 blues jeans as unfashionable and clothes their fathers wore. This showed that the market was changing, and LS&Co. needed to innovate a more fashionable style to retain its old customers. Brand equity is how consumers react to your product, what differentiates your product and what consumers think about your product.

4. For a product to be called a brand and fit into a product category, there are specific attributes it must possess, such as a name, logo, what it does, the benefits, etc. All these contribute to its equity and brand positioning. Therefore, before a brand decides to expand, it should be known for one thing, E.g., Kellogg's is known for cereal. This would enable the right marketing strategy and position in the market. Dockers should niche down and focus on its core businesses to establish the brand as a thought leader in the industry.

5. Technology has made it easy for consumers to see it, like it, and buy it. Shopping has been made easy with websites, apps, blogs, and social media. For consumer products, brands must have a website where they can showcase their products digitally; this was one area LS&Co. made a mistake — taking down the e-commerce website. Every brand needs to have an online brand presence to showcase its authenticity and position in the industry.

F. POSSIBLE SOLUTIONS

1. The essence of branding is to give consumers a clear direction of what a product is, what it does, and what consumers can benefit from purchasing or using that product. Majorly, branding shows consumers the difference between brands in a product category. Levi Strauss devised ways to stand out from its competition through intriguing tag lines, logos, brand names, partnerships with retailers, point of sale signage, print and television advertising.

In general, the Men-style LS&Co. brand was focused on reinforcing their tradition and values to existing and new customers; they did this by focusing on their core business, partnering with retailers, and using advertisement to position LS&Co. as a brand concerned about the comfort and versatility of their consumers.

Positive Aspects of LS&Co. Brand

- Appealed to Benefits & Emotions of Consumers vs. Features

The LS&Co. brand was particular about how consumers will perceive them. They made deliberate efforts to use taglines that showcased their value propositions: Quality, Durability, and the Timeless nature of jeans and pants. For each advertising effort, they displayed their target audience feeling comfortable in a pair of jeans. Most of their marketing efforts were drawn towards what their target audience loved doing, such as playing golf, having drinks with friends, going on a date while wearing the LS&Co. branded jeans or pants.

The strategy of appealing to the consumers' emotions and creating positive associations was to position them as a leader in the market. For example, The 501 Blues campaign doubled sales in 1985 for LS&Co. regardless of the decline of denim sales in the US. Every baby boomer wanted to be associated with LS&Co. because of a sense of belonging, peer approval, and self-respect.

- **Identified Target Audience For Each Product**

Oftentimes, it takes brands to conduct tedious market research to discover their target audience and how they can create a connection with that target audience. This was a plus for LS&Co., they understood who they were creating 501 Blues jeans, Levi Docker Pants, and Slacks for; this gave them an insight into what the market needed and what areas to focus more on. LS&Co. segmented the different customer groups. For example, when Tom Tusher — the Executive Vice president and Chief Operating Officer, decided to focus on the core product business and create a relationship with retailers and third parties to strengthen its brand image and position the brand in the heart of its consumers. This showed that the LS&Co. team knew what direction to focus on. However, this did not mean LS&Co. understood all the aspects of “What their target audience wanted.”

- **Brand Consistency & Authenticity in Messaging**

Šerić *et al.* (2020) found that brand consistency in messaging would enable consumers' trust, commitment, and loyalty. LS&Co.'s branding strategy has a consistent tone of voice and messaging; they majorly wanted consumers to perceive their products as

quality and durable. Although their taglines changed with each advertisement, the messaging was consistent, Example: “Levi don’t have to be blue —they just have to be good,” “Quality never goes out of style,” “If you’re not wearing Dockers, You’re just wearing Pants.” These taglines show LS&Co. values and consistent messaging: durability, comfort, feel good, jeans, and style.

Secondly, Brand authenticity can be measured by credibility, continuity, integrity, and symbolism (Morhart *et al.*, 2015). LS&Co.’s as a brand displayed that they deliver on their promises of quality jeans. They continuously showed the brand intention by communicating and reflecting on who they were and what they considered important. Given this, this made consumers trust and loyal to the LS&Co. brand.

Negative Aspects of LS&Co. Brand

- Refusal to Stay -Up-To-Date With Trends & Innovation

For a brand to stand the test of time and enable continuity, it has to survive trends and give its target audience what they want. LS&Co. could not stay updated with market trends and satisfy its consumers with new styles. In 1986, there was a growing demand for more natural fibers pants; baby boomers wanted to become more fashionable and reduce wearing their fathers’ clothes. They wanted a style compatible with both professional and leisure activities; it took a while for LS&Co. to develop innovative ideas, satisfy these needs and adapt to these recent changes.

Also, when the wrinkle-free trend took over the market, the LS&Co. leaders waited too long to hop on the trend to create wrinkle-free pants — even if they did eventually; competitors such as Haggard and Farah were already making their name in the market. The lack of adjustment to trends led to slow sales for LS&Co. in 1993.

- **Dissolution Of LS&Co. Online Website & Online Marketing**

Brands should meet their consumers where they are and at the point of their needs. Every industry is rapidly changing, with innovation and technology taking the lead. It is vital for marketers to understand the changing conditions of the market. However, the case was different for LS&Co., they were too focused on maintaining the same strategy repeatedly without looking for new ways to innovate. At the same time, LS&Co. competitors included online marketing and an e-commerce website in their marketing strategy.

- **Lack of a Proper Diversification Strategy**

LS&Co. suffered financial loss between 1980 and 1982 due to a decline in net income by 76% because of low sales in the non-jeans line. Between 1970 and 1984, LS&Co. diversified and expanded into fullfledged women's wear, clothing suitable for family needs. Following this, LS&Co. acquired Koracorp industries leading to more diversification. These acquisition and diversification moves were not beneficial to LS&Co.

Brand identity is essential for brand growth; consumers need to understand “who a brand is” and “what a brand stands for,” these two questions were difficult for consumers to answer regarding the LS&Co. brand. With the massive diversification, they soon stood for nothing and represented everything. In marketing and communication, you must be identified for something because you cannot satisfy the general public; that is why long-standing brands like Apple and Coca-cola are known today. Even if they diversified, their values and reason for existence remain.

2. Consistency in brand messaging is key for brand awareness and continuity. The Dockers campaign was an add-on to the already existing Levi’s name. The campaign was strategic and well-positioned to place Dockers as an industry leader for casual and comfortable pants for leisure events. LS&Co. used emotional appeal to attract its target audience — 25-49 year-old men based in the metropolitan area in the United States. The Dockers product had its name, tagline, and logo, which showed that it was related to Levi’s and its advertising across Television and print.

Dockers’ brand marketing strategy involved retailers, posters, point of sale signage, and spot television to emphasize its brand equity and place in the market. The team made sure they distributed the brand (Dockers) across all areas.

Although this new brand was different from the other Levi brands, it reinforced the name LS&Co. in the market and suited past advertising efforts. The logo and tagline showed

quality, durability, and traditional values, which has always been the primary goal of the LS&Co. brand.

The positive brand associations consumers had about the brand were also retained in the Dockers campaign; this led to its success. The introduction of Dockers into the market also showed that LS&Co. team listened to the consumers at that time and the market and produced what the consumers wanted.

In understanding brand equity, we should look out for three elements — Differential effect, Brand knowledge, and Consumer Response to Marketing (Keller, 2012). The Differential Effect of the Dockers brand was displayed in the number of sales. In 1993, Dockers sales increased by \$1 billion; this shows that consumers selected the products over others in the market, sales promotion and advertisements were working. Secondly, LS&Co. ensured that Dockers' brand awareness and top of mind amongst consumers were top-notch. They did this by creating Dockers shop within main floor Men areas of major department stores. Thirdly, the response to Dockers' marketing campaign displayed the love for both Dockers and LS&Co. brand as a whole; consumers became confident and created more positive associations regarding the brand. It is plausible to argue that the Dockers campaign was a success and a contributing factor to LS&Co. brand equity.

3. Brand associations can be by attributes and benefits. For consumers to create positive brand associations, the brand must have a good brand image they can resonate with. A brand image will build familiarity, and it is the first step a brand must take in creating

brand awareness and showcasing its unique selling point (USP). The Dockers' brand image and name were carefully selected and picked after deliberation on what American consumers would like or prefer. The brand image incorporates the Levi moniker to show that Dockers was a part of the LS&Co. brand and establish an association with Levi's name.

When a consumer has many associations about a brand, it shows that it has some form of brand equity. Dockers brand equity is made up of its brand awareness, a brand image that reflects Levi Dockers, and a unique selling point that makes Dockers different from every other brand in the product category. Dockers made it known in their advertisement that comfort, style, and versatility is their position, and they want to make men feel comfortable.

In 2002, LS&Co. agreed with American Pacific to release a new collection called the Docker Home Collection, where it would sell beddings, sheets, and other accessories. This was a wrong move by LS&Co. because it put a strain on the brand positioning and their reputation over the years. As a brand, it is essential to position your product in the heart of your customers by delivering on your promise. LS&Co., who had promised to innovate and create comfortable casual wear and jeans, was now tilting towards an industry where it was unknown. This gives rise to the question of "Who is LS&Co., and what exactly do they do?" To be established as a long-lasting brand, you have to niche down and position yourself as a leader in a product category. This bad move also contributed to the decline in revenue, lay off of staff, and closure of manufacturing plants.

As of 2004, LS&Co. was looking to sell off Dockers. This shows that regardless of how many years you have been in an industry, it may affect your overall sales and branding equity if you do not show your consumers you are consistent in a particular niche.

4. After the initial success of the Docker Launch Campaign, LS&Co. sought to present Dockers as a Stylish brand; therefore, they initiated another campaign that positioned Dockers as the pants for classic men who wanted to look cool on various occasions; this led to 90% awareness in their target market and an average Dockers customer owning at least 2.5 pairs of the Docker pant.

Also, LS&Co. wanted to broaden its Dockers image beyond plain khakis, so they introduced a new campaign to show that you can have dockers in different vibrant colors. In 1993, Dockers decided to enhance casual clothing in the workplace; therefore, it established this by using newsletters and magazines to communicate to top organizations to implement dress-down policies. 19% of corporations who received this newsletter responded, leading to a positive outcome.

Since its establishment, LS&Co. has maintained a consistent messaging, with a primary focus to be seen as the quality, durable, and comfortable pants for men. In different ways, LS&Co. has continued with this message through its taglines and advertisement direction.

In the initial years of LS&Co., it positioned itself as a brand that would stand the test of time and strive irrespective of trends. However, LS&Co. has not been able to live up to their expectation. It is imperative that the brand conduct a competitive analysis to stay ahead of the game, know what its competitors are doing and catch up with the latest trends. However, this has been one of LS&Co.'s most significant failures. LS&Co. has been known to operate with a business as usual attitude without catching up with trends immediately, giving its competitors room to supersede them as an industry leader. It has also failed in its operation for changing market conditions. To be a leader, you have to prove that you are ready to innovate, although they have made several attempts by adding new features to their design, e.g., Dockers Thermal Adapt Khaki. LS&Co. would still need to invest in more research and development to be leaders in the coming years.

5. Dockers did an excellent job by adding the Thermal Adapt Kahki and Perspiration Guard. This showed that they were looking for innovative ways to position the Dockers brand against all other competitors. This was also going to create new points of different associations within the memory of its consumers. With this innovation, they gave consumers a reason to stick with the brand and buy the product. It also showed Sustainable competitive advantage as it gave consumers a reason to see Thermal Adapt Kahki and Perspiration Guard as a superior value in the industry. Also, the use of the Thermal Adapt Kahki and Perspiration Guard during the presidential campaign was a plus for the brand as it became well known among the right target audience.

6. Consumers prefer to buy products easily; therefore, accessibility is vital when brands distribute their products to retailers. Dockers made a wrong move by stopping its e-commerce website. To create brand authenticity, a website is essential because it proves to both new and existing consumers that you are legitimate and willing to showcase all your available products. It is logical to argue that this was a wrong move because consumers love to shop easily. This was obvious when in 1999, during the holiday season, LS&Co. decided to allow Macys.com and JCPenney.com to sell Levi's products on their websites; there was a 60% increase in sales. From these numbers, we can deduce that online marketing works. In essence, LS&Co. should have thought of innovative ways to partner with retailers' websites such as website backlinking, display ads from Levi's website, guest posting, etc. Considering this, LS&Co. needs to reconsider setting up their e-commerce website to attract new consumers, increase sales and create a long-lasting relationship with its consumers. The world is ever-evolving with technology at the center; therefore, a website will always be necessary as long as the internet exists.

7. My priorities for Dockers will be to reinforce its place in the market as a thought leader and leverage its unique selling point (USP). First, I will conduct a Brand Audit to understand the sources of the brand equity — the areas that need improvement, dissolution, and how we can leverage what is working to remain in the minds of our consumers. Secondly, I will conduct a competitive analysis to understand where Dockers stand among its competitors — know what is trending, understand what our competitors are doing and how we can attract new customers while retaining existing customers. Thirdly, I will review the Brand Equity — understand if the logo, colors, and brand

elements serve the purpose they are supposed to serve, what consumers think of the brand and its product using this information to build the brand equity.

G. CONCLUSION

Brands should stay updated with changing market operations, know when to innovate new products, and listen to the market. Brand listening is essential because the consumers are the heart of any marketing strategy. Also, understanding that niching down is a big move to stay on course and become a thought leader in a particular industry will help brands focus more on what is essential. LS&Co. should focus more on understanding consumer preferences and sustainably expand their products to avoid disrupting the reputation and brand it already built.

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