

Video Segment 2: Getting the Levi's House in Order and Revisiting the 501 Blues Magic

NOTE-TAKING GUIDE

"At the end of the day, the strength of the balance sheet is everything."

—Chip Bergh, former CEO, Levi Strauss & Co.

When Chip Bergh first joined Levi Strauss & Co., the business had some issues. He needed to take certain steps before he could even think about rebuilding the Levi's brand. List some of the changes Bergh had to make following 15 years of stagnant company growth, so he could "set the conditions for success."

1.

2.

3.

4.

5.

Chip Bergh describes the tone of the brand when he arrived as “dark” and “intellectual,” which prompted him to take marketing at Levi’s “back to basics.” What did he and his team discover when they “looked at the historical reel” of Levi’s brand about what had worked in the past? Jot down notes around these ideas:

Music:

Lightening up:

Youth appeal

Reflection: The vibrancy of a brand often depends on continued innovation and energy. Chip Bergh talks about the dangers of resting on your laurels and the importance of “continuing to stay hungry, continuing to stay humble and not believing in your own press reports” to stay connected with customers. This is true in business and branding, as well as life. Have you had a brush with hubris, either personally or with someone else? What did it look like? What did you learn and how did it make you more aware of how you connect with your family and friends?

THE LANGUAGE OF BUSINESS

(Linked terms are defined in the Wharton Global Youth Video Glossary)

Assets	Customer Stickiness
Brand	Debt
Branding	Interest Rate
Brand Equity	Liability
Brand Loyalty	Marketing
Brand Manager	Organization
Brand Personality	Product
Brand Strategy	Promotion
Brand Value	Revenues
Company	Target Marketing
Consumer	
Consumer Goods	

5:1 Debt: The company has more debt than assets.

501 Blues Campaign: An iconic Levi Strauss advertising campaign for Levi's 501 Blues jeans that launched during the summer of 1984 and paired blues music with young people enjoying life.

Advertising: The practice of promoting or drawing attention to a product or service through different media, including print, online, radio, television, billboards, and more.

Advertising Testing: Will this advertising campaign actually work? Companies show different ads to segments of their target market and collect feedback on their effectiveness.

Americus Reed: The Whitney M. Young Jr. Professor of Marketing at the Wharton School of the University of Pennsylvania. Dr. Reed's primary research and consulting areas are in brand equity and identity loyalty, the study of creating and fostering brand communities. He is also a co-host of the podcast, *Marketing Matters*.

The Art of War: A famous book by Sun Tzu that suggests war should be fought strategically and psychologically to minimize damage and resource waste.

Balance Sheet: A financial statement reflecting a company's assets (land, equipment, buildings), liabilities (debts that it owes) and other financial information at a given time.

Barbara E. Kahn: The Patty and Jay H. Baker Professor of Marketing at the Wharton School of the University of Pennsylvania. Dr. Kahn is an internationally recognized scholar on retailing and brand loyalty. She is also the co-host of the podcast, *Marketing Matters*.

Brand Building: Marketing a brand to increase brand awareness and promote products.

Charles “Chip” Bergh: Former president and CEO of Levi Strauss & Co. who is credited with the company's turnaround. He is also a legendary “brand guy” who previously spent 28 years at Proctor & Gamble, managing iconic brands like Old Spice.

Company Restructure: Changing aspects of a company's structure to improve efficiency and, ideally, make the company more profitable.

Conservative Brand: A brand that uses a more traditional tone of messaging and advertising to match the company's traditional values and culture.

Culturally Relevant: In this case, a brand is culturally relevant if it reflects an understanding of and response to the unique cultural characteristics of the time.

Film Noir: A term used in Hollywood to describe a style of movie like 1940s and 1950s crime dramas that communicate a mood of pessimism and cynical attitudes.

Hubris: Excessive confidence about the success of the business.

Junk bond: A high-risk security that a company issues to raise money quickly.

Levi Strauss & Co.: An American clothing company trading under the stock symbol LEVI that is known worldwide for its Levi's brand of denim jeans. The company was founded in 1853 by Levi Strauss.

Marketer: A person who promotes a company's product or service.

Marketing Matters: A weekly podcast hosted by Wharton School marketing professors Barbara Kahn and Americus Reed that discusses marketing and advertising trends, consumer behavior, data and analytics, the latest in retail marketing and brand building.

Pay Down Debt: When a company or individual reduces the amount of money owed by repaying a portion of it.

Press Reports: Information published in online news feeds, newspapers, magazines and elsewhere that reveals something about a company or business.

Sales: The revenue a company earns when it sells its products, services and/or merchandise.

Uptest: A market research method that involves showing an ad to a target audience and collecting feedback.

Vice President: A company senior executive who is usually just below the position of president and CEO, though some companies have multiple vice presidents. The VP is often responsible for day-to-day operations and aligning work with the company's mission.

The Wharton School: The Wharton School, also referred to as just Wharton, is the business school of the University of Pennsylvania, a private Ivy League university based in Philadelphia, Pennsylvania. Wharton is a world leader in business education and a hub for academic research in all areas of business.

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