**MARKETING REPORT**

# Segmenting

The denim market is a massive industry with 1,240,000,000 pare of denim jeans are sold worldwide annually (Cotton Incorporated, 2015). In order to look for new marketing opportunities, we are starting with the analysis of the consumer segmentation. There are two group of consumer segment we have looked into: Gen Z and baby boomers.

Generation Z is kids born in the mid-1990 and later (White, 2015). In our analysis, we classify the age between 5 and 19 to the Gen Z. Baby boomers were born later than 1945 to early 1960s, which represent one of the biggest age groups in Canada (Statistic Canada, 2015). Individuals with age between 55 and 70 were considered as baby boomers for the sake of the convenient calculation. The characteristics of the two groups are presented in table 1.1 and table 1.2 respectively. The estimate of market segments demand are approximately $808 million and $958 million in Gen Z and baby boomers respectively.

# Targeting

The two segments we are trying to target have been reached by other jeans manufactures. We will find our competitive advantages and niche market by comparing us to our key competitors in the aspects of strength and weaknesses.

In the Gen Z segment, the two key competitors are Diesel and Levis. Diesel, founded in 1978, is an Italian clothing company. It sells clothing, watches, footwear, perfumes and accessories at more than 5000 stores in 80 countries. There are three brands that focus on the denim products: Diesel, Diesel Black Gold and Diesel Kid. Diesel jeans are very popular among youngers and children who are very fashion-conscious. Diesel jeans are well known for its luxury and highly popular because of its comfort and ruggedness. Buyers can never go out of trend with Diesel jeans. The brand is also famous for its strong promotion strategy. Diesel is one of the first apparel company to do ads companion on the internet since 1995, and the slogan of Diesel is “For Successful Living”.

Levis is an American clothing company and famous for its denim jeans. Levis has a long history for denim production since the company was founded in 1853. The company’s mission is to “bring the pioneering spirit of our founder to our advocacy work, and do not shy away from taking a public stance on vital issues ranging from worker rights to climate change”. It targets all ages including men, women and children with approximately 50,000 retail stores in more than 110 countries. The company’s total revenue is $4.75 billion in 2014. There are four brands that focus on the denim products: Levi’s, Dockers, Denizen and Signature by Levi Strauss &Co.. The brand is well known by the public and has a strong image for its expertise in jeans industry. Levis has the unique strength of marketing which includes retro popular songs in its television commercials and campaigns.

In the baby boomers segment, the primary competitors are Wrangler and Lee. Wrangler, founded in 1947, is an American clothing manufactures. The brand is owned by the VF Corporation, which is the largest apparel company in the world. Wrangler has various product lines including Rustler, Wrangler international, Wrangler western, Wrangler workwear, Wrangler five star, genuine Wrangler, Wrangler Riggs, Aura from the women, Wrangler 20x, Wrangler premium patch, Rock 47 and Wrangler authentic. It has a wide distribution channel, selling jeans at mass merchandisers and has more than 865 retail stores worldwide. Besides, products are provided online in 13 countries. The Unique Selling Point (USP) of Wrangler is to provide comfort and style jeans at affordable rate.

Lee is also owned by VF Corporation. It is an American jeans manufactures and has been produced jeans since the company was founded in 1889. Lee has been known as one of the top denim producers in the world, particularly famous for inventing the zipper fly jeans. The product lines offered by the company includes Modern series, Lee Dungarees, Riders by Lee and Lee Platinum Label. The denim products target young urban men and women from the upper middle class. Lee has spent huge sum of money on promotion projects to raise its brand awareness. The exact market situation regarding the key competitors is shown in the table 2.1, table 2.2, table 2.3 and table 2.4.

Assessments of the target marked need/wand satisfaction are provided in table 3.1 and table 3.2. It is found that Gen Z’s need is well satisfied by the current market. Competitors, Diesel and Levis, are well-known by their brand, and provide convenient online shopping experience for the consumer. However there is a need which is not well satisfied by the current market. Promotion or/and interactive activities regarding the brand information are limited on the social network. We have to say the gap is not that important, because social network is not the only channel to get promotion information for Gen Z.

In contrast, Baby boomers’ need is not well satisfied by the current market. Although competitors are well-known by their brand, and provide convenient shopping experience for the consumer and numbers of retail stores are provided by competitors, they do not satisfy the needs baby boomers exact want. Competitors have been continued to produce jeans the same way that they have been for years. However, baby boomers’ age are among 55 – 70, sizing (waist and thighs) for jeans is not fit and comfort. It was reported that there is one question has been raised by baby boomers continuously: Where can they find a pair of jeans to love (Reily, 2015). They have been searching for jeans that fit their body while still look cool. The gap is very important to the consumer, because the top two things baby boomers look for in jeans are fit and comfort.

Then, the question goes to the competitiveness of our company. In the segment of Gen Z, AJ is able to provide affordable and high quality products. There are opportunities to run ad campaign on social network and convey brand message. In the segment of baby boomers, AJ is able to provide affordable and high quality products. AJ is able to produce jeans that make the target group (baby boomers) look good and slim, and fit around the legs, thighs and waist through its excellent craftsmanship. Besides, we can use our current distribution channel to our advantages.

# Positioning

Baby boomers were the first generation to grow up in jeans. They hold 18.8% of the Canadian population, one of the biggest groups in Canada. However, the current jeans producers still produce jeans the same way as they have been for years. Thus, it is obvious there is a booming market for jeans that fit middle-age hips and thighs while still comfort and looking cool. AJ is able to produce jeans that make the target group (baby boomers) look good and slim, and fit around the legs, thighs and waist through its excellent craftsmanship. For these reasons, we estimate that AJ has the potential to obtain 2.5% of the market share. In contrast, based on the analysis, we do not think that AJ has the competitive advantages in the market of Gen Z. the estimated market share is supposed to be 1%. Based on the results of calculations from table 5.1 and table 5.2, it is found that AJ expects to obtain a profit on the new product of jeans of 0.2 million and 0.7 million with profit return on sales of 9% and 10% in the market of Gen Z and baby boomers respectively. In consequence, baby boomers is selected as the target customers.

Baby boomers were the first generation to grow up in jeans. As they are selected as our target customers, we develop a new brand for the segment, namely Superior Blue brand. Our existing Blue brand has appealed to a very wide demographic and is well known by the public. By adding “Superior”, it represents our new brand is better that the existing one. Besides, it also has the potential meaning that the product is fit for elderly individuals. Baby boomers need jeans that fit middle-aged hips and thighs while still looking fashionable and attractive. The new brand, Superior Blue brand, produces “distressed” “fat” jeans for baby boomers with the slogan “Fashion is for everyone”. Products attract the target group by offering jeans that make them look good and slim, and fit around the legs, thighs and waist with most affordable price. As is shown in the table 9, Superior Blue is a niche brand that is perceived to be fit & comfort prior to fashion. The products will be distributed throughout independent retails such as WalMart, Target, Chico’s, Macy’s and Kohl’s. In the aspect of advertising, we will primarily use print media to covey the promotion information that our new product are fashionable jeans for various body type. This promotion plan is consistent with baby boomers’ value, attitudes and lifestyles that they trust more print media information than online promotion. In summary, out statement is “To baby boomers who need jeans that fit middle-aged hips and thighs while still looking fashionable and attractive, Superior Blue is “distressed” “fat” jeans that gives you jeans that make you look good and slim, and fit around the legs, thighs and waist with most affordable price.”

# Reference

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