

Case study on marketing in lego

[Business](#), [Company](#)



For a long time now, Lego has been one of the most outstanding recognized toy brands. For 70 years, since Lego commenced its operations, the company has been prosperous; however, the company made its first big loss in 2004 amounting to \$ 240 million. With the top managers facing numerous challenges in the marketing sector, the company has concentrated its efforts on creating an effective marketing strategy due to persistent declined in profitability since 1999 to the year 2004. This aspect coupled with many other factors has raised concern regarding the effectiveness of the marketing sector. The intent of this thesis is to analyze various factors that play key roles in marketing.

The company has set a target of becoming a world class brand, thus causing it to manufacture a diversified range of products such as video games, clothes, and watches and recently Lego has tried to manufacture products that attract demand from young girls. However, customer feedback outlines that the corporation has neglected the core customer segment of boys aged 5-9. Another concern that has risen involves arrogance and non-response to customer feedback. The major causes of the industry slimming downwards have been noted to be caused by the hi-tech competitors, low-cost copies, and declining birth rates in developing countries. However, the company has adopted a rebranding process since 2004 called the strategic position by Lego, which majors on brand renewal to make them relevant for each new generation of customers. One of the eminent weaknesses includes confusion brought by dissimilar sub-brands and lost brand identity. The company production of traditional toys pictures non-development. However, the toys produced are great in terms of encouraging child development through

imagination, creativity, and inventiveness.

Considering the recent decline in percentage of sales the company has to rethink the brand heritage and images as well as redefine the brand values through examination of various threats and opportunities facing the company. Fundamentally, the company faces stiff competition from video games production companies and internet based games which declines the need for traditional games. Over a long time, it has been the guiding principle of the company not to produce toys instigating violence. However, other companies have been able to produce such toys and games which are quite demanded in the market. Though, the strength of the company is still good, it has scored low on the differentiation factor. Emergence of companies imitating their products and bricks has significantly declined their revenue due to price reduction. Despite these challenges, the company has an eminent opportunity to expand continuously into different markets such as entertainment and lifestyle market through the creation of new toys, theme parks, online and electronic games, and lifestyle products. The company has a prospect to prosper due to increased in concern of girls' toys that are widely neglected by most of the toy companies. Reinterpreting the brand identity and values will assist the company to stretch to new markets through elimination of outdated and boring activities and adoption of creativity, dynamism, fun, and entertainment to the target customers. Moreover, the company's ability to conduct research globally has put it in the front line to achieve customer satisfaction through knowing the customer's beliefs, preference, and attitudes. Since the company is already stable, it has the required element and finances to enhance sustainability and growth in

unexplored markets.

Lego's website poses some positive and negative aspects. The overall website promotes early childhood development through the manufacture of products that enhance the integration of skills and abilities of children. The company's website provides special games that are educative and promotes creativity among children's. However, the website displays the pictures of popular products such as star wars, Minifigures, and the Hobbit which promotes violence among children. However, the website has succeeded in providing customer feedback through ideas and concepts.

Marketing being the sole desire to achieve corporate goals, depends on outlining a customer's needs, and delivering the desired satisfaction better than the competitors. The company has to develop a marketing plan to attract the neglected female market. First is to create a customer relationship management which would be responsible for researching girl's preferences to ensure delivery of superior products and retention of customers. Subsequently, the company will have to outline the set of tools being the creation of reasonable and profitable prices, advertisement strategies, and high priority areas to establish the market. Then the company will have to segment the market in the order of age of the targeted market, girls. With all this put into consideration, Lego will have to employ different and effective intermediaries to reach the desired population. Principally, the company ought to conduct enterprise risk management (ERM) programs to determine current risks that can prevent the reaching the potential customers, girls.

Marketing as seen in the above context is the most crucial aspect in any

organization since it forms the basis of customer relation. Lego being a leader in the toy industry based in Denmark requires a comprehensive revolution in the marketing sector. The company has to adapt to the contemporary world and alienates outdated practices. The move to provide toys for girls is a smart move, however; a comprehensive marketing strategy is required to alienate the current threats and promotes the available opportunities in the realization of all inclusive corporate goals.

References

- Harris, P., & McDonald, F. (2010). *European Business and Marketing*. New York: SAGE.
- Hirschmann, K. (2011). *LEGO Toys*. Denmark: Norwood House Press.
- LEGO. (2012, September 1). Retrieved from [www. lego. com: http://www. google. co. ke/url? sa= t&rct= j&q=&esrc= s&source= web&cd= 1&cad= rja&v](http://www.google.co.ke/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&v)
- Pride, W. M. (2006). *Marketing: Concepts and Strategies*. New York: Cengage Learning.