

A Case Study on LEGO Group's Marketing Strategy

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Abstract:

This article delves into LEGO's marketing strategy and examines its difficult journey from a small Danish factory to a well-known toy company. The intensification of competition in the global toy market requires research on marketing strategies and development paths, which have important reference value for enterprises to gain competitive advantages and achieve sustainable development. Lego has consolidated its position in the economic market through various marketing strategies such as innovation and sales channels. But while developing rapidly, it also faces many problems, such as market competition. At the same time, analyze a series of potential issues that may arise in the competition between LEGO and new toys, and based on this, propose suggestions for optimizing and innovating sales methods and products. This study not only found some problems encountered by LEGO in terms of funding, market, etc., but also provided valuable experience for some developing companies to avoid potential problems and risks in their development.

Keywords: innovation; sustainable development; potential competition issues.

1. Introduction

In the fierce competition of the global toy market, LEGO occupies an important position and shines in the global economic market. Lego was founded in 1916, when it was still a small toy factory in Denmark without sound equipment or a complete marketing system. However, after going through numerous difficulties, it gradually became a leading figure in the global economic market. Its main product is building blocks, which are not only targeted at children around the world, but also purchased by many adults and even the elderly. The reason is that building blocks can stimulate creativity and imagination,

and make the brain flexible. As a result, LEGO has established a huge business empire.

In recent years, the economic development of the toy industry has been turbulent and unsatisfactory. The size of the global toy market continues to expand. By 2024, the size of the global toy market has already grown to \$924.6, and the size of the global toy market will continue to expand with the growth of the year [1]. This phenomenon is due to the global economic recovery, as the global economy continues to develop, consumer demand increases and their purchasing power improves. Moreover, the development of the toy industry is attributed to the increased emphasis placed by parents on their children's edu-

cation. On the other hand, competition in the toy industry is constantly intensifying, with more and more new toy brands emerging, putting pressure on various toy companies. Therefore, they are constantly innovating and developing products in order to occupy a larger position in the toy market. At the same time, the rapid development of technology, changes in consumer demand, and the instability of the global economy have brought countless challenges to all toy industries [2].

In such an unstable economic market, LEGO has always been able to maintain its position as a giant in the toy market, continuously innovating and developing its products. Their marketing strategies and methods are worth analyzing. By exploring the sales strategies and plans of LEGO, not only can valuable experience be provided for other toy industries to develop rapidly, but also LEGO can solve its own emerging problems, allowing LEGO to continue to occupy an important position in the toy market and thrive for a long time.

The purpose of this study is to comprehensively analyze LEGO's marketing strategy and provide rich case studies for academic research in marketing. Through in-depth research on LEGO, companies can improve their marketing systems and provide valuable strategies and ideas for the market.

For toy companies, a deep understanding of LEGO's marketing strategy can help them learn from LEGO's experience and strategies in product sales and research and development innovation, thereby enhancing their competitiveness. For other businesses, LEGO's marketing strategy is also a good tool to learn from. LEGO focuses on consumer centricity, emphasizes product innovation research and marketing strategies, and there are also aspects that can be learned from. It helps other enterprises to have more experience in formulating marketing strategies and methods, which can better meet the needs of consumers and attract them to consume.

There are various methods used in this study. Firstly, a case analysis method was adopted to analyze a practical example of LEGO Company. Through the analysis of the example, the process and effect of LEGO Company's production marketing strategy were presented. Secondly, using the method of literature research, consult various literature papers about LEGO Company to comprehensively understand its development status, marketing methods, and other aspects of information [3]. The innovation of this study mainly lies in the innovation of research content, discussing how LEGO Company sells its products and how to maximize its economic income. Moreover, the research perspective is also innovative, not only analyzing the traditional marketing strategies of LEGO company, but also analyzing LEGO's marketing strategies under different historical backgrounds and economic environments, such as online and offline interactive marketing [4].

2. Company Profile

2.1 Development History

In 1916, Ole Kirk Kristiansen founded LEGO in a small workshop in Denmark. Initially, it was a small workshop that produced wooden toys and daily necessities. At the beginning, the company struggled to survive in the toy market, but Ole struggled to survive in the toy market with his business acumen and innovative spirit towards products. During World War II, it was difficult to purchase product materials and manufacture wooden toys. Ole came up with a new product and realized the potential of plastic products in the market. He decisively gave up wood to purchase plastic as raw material. In 1949, LEGO produced the first batch of plastic toys, laying the foundation for the development of plastic toys in the future [5].

From the 1950s to the 1970s, LEGO gradually developed in the toy market. In 1958, LEGO introduced the "bump groove" design of building blocks, which made the splicing more secure. Various shapes of building blocks provided children with great space to create personalized building block shapes [6]. Since then, LEGO has continuously upgraded the color, shape, and functionality of its building blocks, and has introduced different themes that are highly favored by consumers [7]. In the late 1970s, Kjeld Kirk Kristiansen took on a leadership position and proposed a strategy to expand high sales channels, promote globally, increase innovation and research and development efforts, improve production technology and product assembly difficulty, and meet the needs of more age groups [8].

However, from the late 1990s to the early 21st century, LEGO faced many difficulties. The development of electronic games and the Internet has impacted the traditional toy market, and Lego's market economy has declined. At the same time, the company is facing various issues such as finance and sales. In 2004, Jorgen Vig Knudstorp became the CEO and proposed strategies to focus on the research and manufacturing of building block products, reduce costs, optimize product lines, and strengthen interaction with consumers, which significantly increased LEGO's economic income and brought it back to the international toy market [1].

2.2 Market Position

Lego holds a significant position in the global toy market. In 2024, LEGO will occupy 12.3% of the global toy market and 75.6% of the building block toy market, firmly ranking first in the market. LEGO's products are sold in over 130 countries and have a large consumer base. Whether in economically developed or underdeveloped countries, LEGO is very popular [1].

In terms of revenue, the LEGO Group's total revenue in 2024 reached \$10.86 billion, a year-on-year increase of 8.7%, demonstrating the company's excellent sales capabilities and product production technology [5]. In recent years, despite the unstable global economic market and fierce competition, LEGO has maintained outstanding performance, proving its important position in the market [9].

In terms of brand value, LEGO ranks among the top in various toy brands. For example, in the 2024 "Global Best Brands Ranking", LEGO has become the world's most valuable toy brand with its excellent product production technology, excellent marketing methods, and other advantages [1].

3. Product Strategy

3.1 Product Innovation and Diversification

LEGO has always focused its attention on product innovation, investing a lot of funds and energy in product innovation to continuously meet consumers' consumption needs. In terms of products, LEGO has innovated in various aspects such as the shape, color, and material of building block toys. In order to meet the consumption needs of consumers, more diverse shapes of building block toys have been launched, such as curved, triangular, square, etc., allowing consumers to freely express themselves and specify their own personalized building blocks [4]. In terms of color, LEGO constantly enriches the colors of its building blocks, using colors with more pronounced color contrast and longer lasting colors, not only making the colors look more vibrant, but also ensuring the safety of the building blocks [5]. In terms of materials, LEGO actively responds to the global environmental protection slogan by using more environmentally friendly production materials. The plant-based plastic building blocks used by LEGO have been used in 15% of its products, which not only protects the environment but also has a good market reputation [5].

At the same time, LEGO has also expanded its product range and produced various product lines. Including various fields such as space, campus, castle, etc., each scene is designed vividly and realistically, allowing consumers to choose the series they are interested in based on their own interests and hobbies. Taking the space series as an example, there are planets, astronauts, and spacecraft in the series, which are highly restored in the form of building blocks and vividly presented. The advanced detail design of LEGO products, vividly reproduced, has received widespread praise from consumers, and the sales of the Star Wars series account for 12.4% of LEGO's total sales, bringing high economic income to the LEGO company [8]. In addition, LEGO has developed different series of prod-

ucts for consumers of different age groups to meet their consumption needs. For young children, the Duplo series has been produced, using large particle building blocks with rounded edges to ensure the safety of infants and young children [9]. The Duplo series products are simple and easy to assemble, making it the most basic assembly series of LEGO. The Duplo series can effectively exercise the hand flexibility of infants and young children. LEGO has launched various series targeting teenagers and adults. The creative series encourages consumers to freely express their ideas, personalize assembly, and create freely without specific requirements. In the process of building the technology series, consumers can not only experience the fun of assembly, but this technology series also integrates complex mechanical structures and high technology, and can also learn about engineering and mechanical fields, making the products more diversified. Through product innovation and diversification strategy, the company has attracted more consumers and expanded its sales market [2].

3.2 IP Cooperation and Co branding Strategy

In today's fiercely competitive market, IP collaboration has become an important method for brands to enhance their visibility. Since its collaboration with Star Wars in 1999, LEGO has continued to collaborate with other well-known brands, such as Harry Potter, Disney, and many other well-known IPs [10]. They have jointly launched a series of products that are deeply loved by consumers [8]. These products cleverly integrate elements from LEGO products and IP, creating unique products. Taking the Disney collaboration as an example, this series vividly portrays characters and scenes from Disney using building blocks, from the dresses, clothes, and expressions of missions to Disney castles, every detail exudes delicacy. The product also incorporates many different experiences, such as the joints of characters being movable and the doors of castles being openable. These details make consumers feel like they are there. This vivid portrayal has attracted a large number of female consumers, especially girls who love Disney. The Disney Princess series has increased LEGO's travel consumer base by 42% and boosted LEGO's popularity among women [8].

By collaborating with popular IPs, LEGO not only helps expand its consumer market through the powerful influence of IP products, but also enhances the IP's visibility, allowing more consumers to understand this IP. IP also brings new innovative inspiration to LEGO, allowing LEGO toys to improve in various aspects. Therefore, the LEGO brand and IP products work together for mutual benefit and win-win results [4].

3.3 Product Quality Control

Lego always regards product quality as the most important part of the company's development and strictly controls product quality. In terms of production technology, LEGO uses high-precision molds with an accuracy of 0.004mm, which ensures precise and error free assembly of building blocks and perfect fit during splicing. The smooth experience of building blocks allows consumers to have a comfortable experience when building LEGO bricks [7].

In terms of raw materials, LEGO attaches great importance to environmental protection and safety, choosing non-toxic plastics. All LEGO bricks meet international toy safety standards. Meanwhile, LEGO is still searching for more environmentally friendly and safe materials, such as plant-based plastics mentioned earlier, to minimize the product's impact on the environment.

In addition, LEGO has created a complete quality monitoring system, where every step from raw materials to products undergoes complete testing. In terms of raw material procurement, strict quality inspection is carried out on raw materials to ensure that each raw material meets the production standards. During the production process, each step of the production process is supervised through a combination of machines and manual labor. Before product sales, quality testing is conducted on each product, and only products that meet the quality testing standards can be smoothly shipped. The product qualification rate of LEGO has consistently remained above 99.8% [7]. Due to LEGO's commitment to product quality, it has established a good brand image and gained the love of more consumers, occupying an important position in the market [9].

4. Brand Strategy

4.1 Brand Positioning and Image Building

LEGO positions itself as a toy that inspires creativity. In terms of brand image, LEGO has an innovative and educational image, which has certain educational significance for underage customers and is conducive to establishing their product image [9].

Through imaginative advertising, LEGO attracts consumers' attention. For example, in a LEGO advertisement, children are in a fantasy world built with building blocks, and they are happy and excited. This advertisement expresses LEGO's philosophy very well. LEGO emphasizes color matching, from animals to vivid characters, and each product attracts children's curiosity. At the same time, it also showcases the brand's vibrant characteristics [3].

Lego attaches great importance to the educational value of its brand, and through organizing activities and launching educational products, it has a certain educational signif-

icance for consumers. These products enable children to acquire professional knowledge while playing and cultivate their innovative abilities. More than 30000 schools worldwide have used LEGO bricks as educational tools. Not only does it enhance the educational significance of LEGO, but it also strengthens the brand image of LEGO Education [9].

In addition, LEGO often holds family events to create a warm family atmosphere. During these activities, parents can collaborate with their children and enhance the relationship between them through communication and interaction. These educational activities not only enhance the consumer experience, but also create a family atmosphere that further strengthens the relationships between family members [3]. Through a series of measures, LEGO has successfully established a positive, warm, creative, and dynamic brand, establishing a brand image among the consumer group [4].

4.2 Brand Communication and Promotion

In terms of brand promotion, LEGO has adopted various methods, integrating online and offline approaches, with the ultimate goal of enhancing brand awareness [1].

Lego uses new media online to open official accounts on major media platforms both domestically and internationally. Regularly release interesting building block gameplay, promote new products, and attract a large number of fans. On Weibo, LEGO has a huge fan base, and the official account often posts interesting new gameplay for LEGO bricks. This approach has attracted a large number of consumers and increased LEGO's popularity. In addition, LEGO has also launched an official app that can turn building blocks into 3D mode, providing an immersive experience. Social media has brought 35% of new users to LEGO and is an important way of market sales [8].

Organize various activities and experience halls offline with LEGO. In order to provide consumers with a genuine experience, LEGO has established LEGO Discovery Centers and LEGO flagship stores in multiple cities around the world, offering consumers a great experience. The LEGO Discovery Center is mainly built with LEGO bricks, with most of the buildings constructed using LEGO bricks, allowing consumers to experience a magical building park during the gaming process. Most LEGO flagship stores are located in bustling city centers, decorated with LEGO elements. The stores not only sell LEGO toys directly, but also provide consumers with a good experience, allowing them to experience before making a purchase [4].

In addition, LEGO actively participates in various toy market exchange activities. At the exchange meetings, LEGO launches its new series and products, attracting the attention of the media and consumers. Promote products through online and offline cooperation to enhance their visibility [1].

5. Conclusion

This study reviewed the marketing strategy and development path of LEGO Group through case analysis and literature research. Research has found that LEGO started in a small workshop in Denmark in 1916 and gained a significant position in the global toy market through key decisions, diversification strategies, and brand building. The LEGO Group is also facing financial and other challenges, mainly due to changes in market environment and consumer demand.

However, the LEGO Group reversed the economic recession through favorable marketing strategies and means. Lego was once in a difficult situation from the late 1990s to the early 21st century, as new toy brands and IoT games impacted the traditional toy market and changed the direction of consumer demand. As a result, the company faced a series of financial problems, leading to a decline in performance and financial pressure. In 2004, the group successfully overcame economic difficulties by changing production and sales strategies, optimizing product structure, and other strategies, and LEGO also redeveloped. Therefore, precision marketing strategies play a key role in responding to market changes for enterprises.

The significance of this study lies in providing a marketing strategy and model that can be used as a reference for toy industry enterprises, as well as for the development and potential risks of companies in other fields. At the same time, it enriches the case library of marketing in the field of traditional manufacturing brand upgrading. However, there are shortcomings in the research, as there is insufficient research on the strategic differences of LEGO in different regional markets, and insufficient analysis of

marketing effects in conjunction with local consumer culture. Future research can delve into the impact of regional market characteristics on LEGO's marketing strategy, or explore the development strategy of integrating various new technologies with building block products, providing more useful suggestions for its digital marketing transformation.

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