

## **LEGO Case Study**

Sarah Panko

Columbia Southern University

MKT 5301- 21.01.01- 5B23-S1, Advanced Marketing

Jon A. Crispin, DBA

5/16/2023

## **LEGO Case Study**

In the book, “Marketing Management,” Kotler et al. use LEGO in a Marketing Spotlight that details the company’s rise in recognition and, from 1998 to 2003, financial loss. While LEGO was able to profit from sets based on successful movie franchises, a lack of marketing and consumer insight left those sets unsold on store shelves. Marketing research helped LEGO’s partnerships, innovation, and sales (Kotler et al., 2022).

### **LEGO Uses Innovation to Reinvent Business**

Ever since LEGO started in the 1930’s, the company has used new technology, products, and ideas to advance the brand. LEGO is constantly looking for ways to create and implement simple designs that make the product easier to use. With innovation, the company can “keep things fresh” (Kotler et al., 2022, p. 117), to reinvent business from wooden toys and plastic to theme parks and augmented reality.

### **Marketing Research Helped LEGO Claim #1 Spot in Industry**

By using market research, LEGO created a new product line that resulted in worldwide success. LEGO’s CEO, Jorgen Knudstorp, decided to use a marketing mindset to understand behavior and needs of the customer, and then create products based on that information (*“Interactive MKT 5301 Collaborate Weekly Session,”* 2023). After analyzing the information, LEGO gained valuable insights about their adolescent customers and made the decision to offer products with specific features that appeal to girls. LEGO also formed a team of people that included marketers, designers, programmers, and their own customers to produce innovative products. Called the Future Lab, this diverse group of people have created some of LEGO’s most “successful toy lines ever” (Kotler et al., 2022, p. 117). Using marketing research, LEGO was able to climb to the top of the toy industry.

### **Trust and Budget Differentiate LEGO from Competitors**

LEGO sets based on popular movies, television shows, and books are some of the most sought-after toys in the world, making it a highly recognizable toy and “the biggest toy manufacturer in the world” (Kotler et al., 2022, p. 117). Customers trust that LEGO will include instructions and parts for each model, making LEGO the better choice for customers. Financial success also allows LEGO to produce advertising campaigns with large budgets, making it impossible for competitors to compete head-to-head with LEGO’s ads. Competitive advantage is a relative concept that is always market specific (Crispin, n.d.). Therefore, LEGO’s competitive advantage may be sustainable in America, but not in China. The growth of popular Chinese shopping apps like SHEIN and Temu make it harder for LEGO to compete with cheaper competitors.

### **Social Responsibility and LEGO’s Ethical Implication**

With a changing marketplace, today’s customers care about major market forces like social responsibility (Kotler et al., 2022, p. 6). Corporate social responsibility (CSR) includes things like pollution and climate change. LEGO’s customers may not be able to justify extra toys and packaging if sustainability and a minimalist lifestyle is their main demand. They are aligning with good ethical practices by embracing technology with products like LEGO Fusion, an augmented-reality application (Kotler et al., 2022, p. 117). By promoting their online footprint, LEGO can incorporate social responsibility to reposition itself as a company that’s environmentally conscious.

### **Conclusion**

Kotler et al. (2022) suggest that marketing research helped LEGO get back to its roots by simplifying production and ensuring product success. While LEGO managed to reinvent its

business, obtain market success, and differentiate itself from competitors, LEGO will need to continue making research a priority. If LEGO continues to use the valuable insight collected from research, they can maintain their popularity and the emotional connection between its customers and toys.

## References

Kotler, P., Keller, K. L. & Chernev, A. (2022). *Marketing Management*. Pearson Education. (16th ed.).

[https://online.vitalsource.com/reader/books/9780135887035/epubcfi/6/2\[%3Bvnd.vst.idref%3Dcover\]/4/2%4053:41](https://online.vitalsource.com/reader/books/9780135887035/epubcfi/6/2[%3Bvnd.vst.idref%3Dcover]/4/2%4053:41)

*Interactive MKT 5301 Collaborate Weekly Session* [PowerPoint slides]. (n.d.) Columbia Southern University.

[https://online.columbiasouthern.edu/ultra/courses/\\_143302\\_1/outline/announcement-list/announcement-detail?courseId=\\_143302\\_1&announcementId=\\_1160904\\_1](https://online.columbiasouthern.edu/ultra/courses/_143302_1/outline/announcement-list/announcement-detail?courseId=_143302_1&announcementId=_1160904_1)

Crispin, J. (n.d.) *Competitive Advantage Understanding Its Real Meaning*. Columbia Southern University.

<http://bit.ly/2MS9zit>