



**University of Wales**  
Trinity Saint David

## **Marketing Management Assessment 2**

Analysis Environmental and Role That Marketing Plays - (The Lego Toys Group,  
United Kingdom)

Name: Amandeep kaur

Student id: 2106102

Module Name: Marketing Management

Module code: LCMB7001

Lecturer: MISS. Tushara balendran

### **Table of Contents**

|                                      |   |
|--------------------------------------|---|
| Introduction.....                    | 2 |
| Analysing and evaluating .....       | 2 |
| PESTAL Analyse ( In brief ) .....    | 4 |
| A five forces analysis of Lego ..... | 8 |

## Marketing factors analysis and the role in business

|                                 |    |
|---------------------------------|----|
| SWOT Analysis .....             | 9  |
| Customer segmentation .....     | 12 |
| STP Analysis .....              | 12 |
| Segmentation .....              | 12 |
| Targeting .....                 | 12 |
| Positioning .....               | 13 |
| The Marketing Mix (4ps) .....   | 13 |
| Conclusion .....                | 14 |
| Strategic Recommendations ..... | 14 |
| References .....                | 14 |

### Introduction

The Lego Group is a privately held company based in Billund, Denmark, that produces the Lego brand of plastic building toys. As of 2021, Lego was the world's largest toy producer. Lego is a brand of colourful interlocking plastic bricks that come with a range of gears, minifigures, and other accessories. Lego parts may be assembled and combined in a variety of ways to create vehicles, structures, and working robots. Anything you build can be dismantled and the parts repurposed to make new things.

### Analysing and evaluating

The PESTLE analysis report is a mechanism for determining the impact of external variables on the macro environment of the Lego group.

The external analysis is used to identify how the Lego Company's growth trajectory, business and market strategy are influenced by all six elements: political, economic, technological, legal, and environmental. As a result, it is vital for Lego to develop products that appeal to its target market and to continue creating in keeping with children's current interests. Lego believes that its toys have an emotional connection with children, and it is the company's responsibility to create toys that are age-appropriate. Technological considerations dominate the toy business, and Lego's digital transformation began with the release of Lego Dimensions. The Lego

## Marketing factors analysis and the role in business

corporation has always played it safe, abiding by all legal laws and regulations in the nations where it does business. Local players have been able to reproduce counterfeit products and sell them for considerably reduced prices, thus the Lego company has been unable to safeguard its patents.

| <b>Favorable</b>                                                                               | <b>Un-favorable</b>                                                  |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>Political</b>                                                                               | <b>Economical</b>                                                    |
| Lego's key value of maintaining political neutrality                                           | Foreign currency changes are a significant threat to Lego.           |
| <b>Social</b>                                                                                  | <b>Technological</b>                                                 |
| The Lego Foundation promotes children's empowerment by encouraging them to learn through play. | For the toy business, digital transformation will be a game changer. |
| Children are being influenced away from traditional toys by a dynamic social culture.          | R&D investments in sustainable materials are significant.            |
| <b>Environmental</b>                                                                           | <b>Legal</b>                                                         |
| Lego is on track to meet its goal of using 100 percent renewable energy by 2020                | In many parts of the world, copyright rules are lax.                 |
| Lego making the first toy firm to sign the United Nations Global Compact.                      | Lego's involvement in several anti-counterfeiting litigation         |

## **PESTAL Analyse ( In brief )**

### ***Political Factors***

Governmental issues are consistently dangerous to venture into. Regardless of which view you support, what side you are on, you will undoubtedly track down a gathering of individuals to contradict your perspectives. For brands, this can become interesting since many individuals partner with brands that appear to be socially sensitive in their eyes. In contrast to almost all other standard brands, Lego has always had the primary belief that its product range does not affect quality or any political convictions (David, 2019). They allow customers to display their Lego manifestations on their websites, and those who get the most votes even move on to product offerings accordingly.

In 2015, American columnist Maya Weinstock presented her work highlighting all female Supreme Court justices in honor of International Women's Day.

His work was rejected on the grounds that he agreed with political opinion and that Lego had nothing to do with it. They suffered a setback because it was not a political matter to praise the achievements of the princess (SUDHAKARAN, 2020).

Another story from 2015 comes from Chinese craftsman Ai Weiwei, who was supposed to present his newest piece of art made entirely of Lego in Melbourne. Weiwei is known for speaking out against government administrations around the world, and his work is consistently outstanding and fearless, often at the end of uncertain debates.

Lego will not support the project in this way and will force Weiwei to withdraw from the presentation it has agreed to; After all, his fans came to his aid by using the non-Lego blocks they gave him. Gradually they avoided the political perspective.

This discussion enlivened a major change in their order; In 2016, it was discovered that Lego would not encourage customers to buy in bulk, while customers vowed not to remember Lego for their work assuming it was political.

### ***Economical Factor***

Lego could consistently participate in about 12% of development. The justification for their ever-expanding income is the spread of small pieces from one side of the planet to the other. In fact, you can find a place in your storage space (Carreira, 2015)

Lego is priced differently from one side of the planet to the other. Would you believe us if we assumed we told you that a regular Lego set costs \$672 when purchased? This is the most expensive Lego variant you can buy. Usually, this difference makes a lot of people curious, so Lego itself responded to the request, stating that the Lego set will depend on the number of new shapes that are expected to be used to make parts, the number of parts, the cost of manufacture. approval of a new symbol, explicitly for the state., etc. Variables that affect costs include the number of residents in each country, their annual wages, trade rates, and tax collections. Lego also said that some retailers in different countries are changing the prices of toys they have no control over (Lazoriková, 2021).

### ***Socio Factor***

It is assessed that the brand will encounter a significant decay since the start of the innovation time when youngsters are more disposed towards computerized amusement. In any case, the brand has shown an extremely alluring presence on computerized social stages (David, 2019).

Their prosperity via online media is, obviously, part of the way because of their endeavors, yet in addition has a great deal to do with the quantity of their supporters transferring content that incorporates Lego. The embodiment of their web-based media technique is that they support shared turn of events and invest heavily in the items they fabricate.

In 2015, Lego worked with UNICEF for a long time to ensure the freedoms of youngsters all over the planet. The thought is to advance accepted procedures with other compelling organizations to guarantee youngsters are not taken advantage of.

## Marketing factors analysis and the role in business

One method for securing youngsters should be possible through the organization's showcasing rehearses; Child-focused organizations should be cautious with regards to what they advance and how they advance it (David, 2019).

As a worldwide brand, you have a gigantic obligation to join various personalities. There is no discrimination exists in Lego no matter a person's race, sexuality, gender, or culture.

You select individuals from assorted foundations to your organization to energize incorporation and imagination; The more various individuals are, the more different and far reaching their thoughts will be.

### ***Technological factor***

Lego is known to subsidize research programs on how toys work in improving young people. This helps them maintain stability in the race during this mechanically submerged time.

In 2017 they developed Lego Boost, a mechanical technology pack for 7-year-olds. He develops children's design skills by working their hands on them as they code.

Since the start of the Covid-19 pandemic, Lego has eliminated the presence of its computers that it most needed. They then worked on a 10-year plan in which they needed a large and complex biological system to have a solid web-based presence as well as a real one (SUDHAKARAN, 2020).

They have an advanced app called Lego Life which is very familiar to people with over 9 million subscribers. Their expanded presence also allows them to remain useful during a pandemic, when most organizations are losing ground.

In addition to the traditional Lego rails, we all know and love, there are several sophisticated and intuitive toys that help young people improve their skills. Kids can choose from programming robots to designing vehicles and competitions.

## Marketing factors analysis and the role in business

They have a series of amazing innovations shown in this toy. The goal is to show young people amazing skills and move from a young age while having fun with toys.

### ***Legal factor***

When your object conquers the world and continues to work for a very long time with only one rule, there will be imitations.

Lego was faced with something similar in 2020 when an organization called ZURU was heavily criticized for its two articles. their activity toy figures and Myakka's toy band. The ZURU shipped in 2018 but gained a good reputation later when it was discovered.

The numbers in their activity were as amazing as Lego dolls, so the organization eventually filed a copyright claim. Lego then goes on again, saying that enemy organization items are generally not as good as their own items and therefore have a bad name for them. They also asked that the items look essentially identical. The court managed to get by with the dolls but not with the tapes as Lego didn't.

### ***Environmental factor***

Lego has long been a supporter of the Worldwide Fund for Nature (WWF). They impact the climate and inspire others to do the same because of these interactions.

They hope to reach specific goals by 2020 as part of this initiative, such as lowering total CO2 emissions by 10% relative to the number of toys manufactured. The organization can save 10,000 tons per year by adopting this action (Carreira, 2015).

Furthermore, they intend to cut waste by 10% relative to the number of units produced. In addition, they work with their suppliers to help them differentiate their climate impacts to reduce CO2 production. Another responsibility is to be 100% practical by 2030. You are known to be very dependent on plastic.

## Marketing factors analysis and the role in business

You don't expect to replace plastic, but what lies beneath the surface of plastic. They used acrylonitrile butadiene styrene (ABS), a gasoline-based substance. They have turned into a plant-based mixture, but they don't yet know what plastic looks like, tastes and looks like, with the same quality and strength in every way.

### **A five forces analysis of Lego**

In Porter's words,

"Every industry has an underlying structure, or a set of fundamental economic and technical characteristics, that gives rise to these competitive forces. The strategist, wanting to position his or her company to cope best with its industry environment or to influence that environment in the company's favor, must learn what makes the environment tick (Pratap, 2021)."

Michael E Porter in his HBR article relates with Lego Competitive Forces Shape Strategy.

#### **Bargaining power of suppliers**

The bargaining force of suppliers is higher in the going with cases: It is overpowered by several associations and is more engaged than the business it offers to. As a result of Lego, the association makes its squares from a polymer called acrylonitrile butadiene styrene. Regardless, all the plastic that Lego uses for the making of its toys is gotten from oil. The oil business holds colossal managing power since the association can't expect oil costs.

#### **Bargaining power of buyers**

If the purchasers procure low benefits and are profoundly value touchy. Because of Lego, major customers like as Walmart and Toys R Us are among the first to make a large upfront investment in the company. These retail chains buy in large quantities from Lego and hence have significant bargaining power. Lego's products are really unique, and there is a lot of interest in them.

## Marketing factors analysis and the role in business

These characteristics of the company aid it in managing the haggling power of both buyers and sellers.

### **Threat of substitutes**

The threat from substitute items is maybe the most grounded of the five powers on account of Lego. Aside from that, showcasing likewise assumes a significant part in assisting the organization with dealing with the substitute items' danger. While Lego provides a completely unique experience, computer games and applications have also demonstrated an obvious level of devotion and client loyalty, making them strong challengers for the brand.

### **Threat of new entrants**

New players in an industry for the most part bring new limit, the longing to acquire piece of the pie, and regularly significant assets (Pratap, 2021). Following are the fundamental hindrances to section into an industry. Other critical sources that can go about as hindrances to section incorporate capital prerequisites, cost impediments, admittance to dissemination channels, and government arrangements connected with the business.

### **Intensity of competitive rivalry**

Lego has emerged as one of the most successful players in the toy industry over the years, and its focus on innovation has helped it strengthen its market position and share of the total industry. The power of ruthless competition in the company is rather great, and while the majority of the resistance comes from muscular players, advanced players have also grown. Lego reaps significant benefits because of its image, marketing, market position, and differentiation. (Pratap, 2021).

## **SWOT Analysis**

### ***Fundamental Strength***

Before we check out the force of Lego, we should see what "drive" signifies with regards to a SWOT investigation (SUDHAKARAN, 2020). Strength is an inherent quality that assists an organization with developing. This is not the same as "happenstance". In a SWOT examination, opportunity is an outside trait that assists

an organization with flourishing. Allow us to think about the force of Lego with these definitions and contrasts:

**Worldwide presence:** Lego sells its items in more than 130 nations. The organization has 570 brand stores around the world.

**Advancement:** Lego refreshes 60% of its item list consistently. New items move kids quite a long-time later year for their next Lego set.

**Local area:** Lego has made a stage called Lego Ideas to urge Lego fans to flaunt their imaginative capacities. This stage coordinates exercises and contests. Fans can likewise utilize it to offer item thoughts on Lego. Including your crowd in item improvement is an extraordinary instance of developing responsibility and steadfastness.

### **Weakness**

Similarly, as the word strength has a particular understanding in SWOT examination, so does the word shortcoming (Dradi, 2020). For this situation, Lego's shortcomings are inner circumstances that are cutting Lego down. Shortcoming, in SWOT examination, is not the same as danger. A danger is an outside circumstance that goes against the organization's turn of events.

**Valuing:** The drawback of all the authorizing bargains is that Lego gives the permitting cost to the client. This makes Lego's interlocking blocks considerably more costly than nonexclusive toys of a similar kind.

**Kids TV:** Recently, Hasbro procured the amusement network eon. Through this move, Hasbro hopes to promote its items through diverts in the organization implied for youngsters.

**Securing IPR:** Lego's items are defenseless against copycats. Albeit the imitation items are far sub-par in quality, these fake items are modest. Lego has not had the option to set up measures to prevent contenders from duplicating its items. Lego has likewise not prevailed with regards to building up and upholding lawful securities for its items.

### ***Opportunities***

Lego's biggest advantages over its rivals are its global reach, creative writing, and licensing deals. Either way, Lego has a long way to go in expanding all its development paths. In this section you will find some areas where Lego can extend its position in the toy store.

**New Geography:** Lego's annual report for 2019 proposes that by 2032, 90% of the 2 billion young people on the planet will live in Europe and North America. In addition, 3/4 young people will live in East Asia. It focuses on Lego expansion in these buildings.

**Computer Generated Reality:** Currently, Lego has some advanced reality games. Players expect to see toys through Lego's modified reality app to trigger collaboration. In any case, these games are far from computer-generated reality games that allow for more prominent snacks.

### ***Threats***

Lego's primary competitors include Bandai Namco, Hasbro, and Mattel. While Lego has a fantastic product in the shape of interlocking bricks, its competitors have a few tricks of their own. Simultaneously, Lego is stumbling due to factors outside of the toy industry. So, let's take a look at some of Lego's prospective threats.

**Games on the Internet:** Children are increasingly turning to mobile games as mobile phones become more universal (SUDHAKARAN, 2020). This shift away from traditional toys and toward mobile games might put a damper on toy demand.

**Competition:** The market's leading companies are neck and neck in the race. The ranking might be thrown off by a single big win. As a result, Lego must continually outperform its competitors in terms of innovation, production, marketing, and sales.

### **Customer segmentation**

Client division is something other than a way for organizations to streamline their advertising efforts (LEGO , 2017). Client division is a two-way road.

The two purchasers and organizations benefit.

Buyers benefit on the grounds that:

- They feel like organizations have their wellbeing as a top priority.
- Content and items address and satisfy their requirements.

Organizations benefit since they can:

- Improve their promoting spend
- Increment client lifetime esteem (CLV)
- Further develop client care and client experience
- Carry out ideal promoting channel choice for each portion
- Distinguish and oblige most productive clients

### **STP Analysis**

#### ***Segmentation***

Lego's look at others company websites to see what words and sounds they use to determine whether parents are among their target demographics. Examine brand social media profiles followers to determine if they are parents, especially those who submit reviews or are interested in what they have to say. Consider using their own adverts to target parents. Add in the fact that the family has two working parents who rely on the Internet for research and convenience shopping.

#### ***Targeting***

The single criterion for categorization in Lego's new product is age. Lego's target market will be all children between the ages of 2 and 16. Because the purpose of Lego's marketing is to increase market share, we do this by extending the target market. Because their product is acceptable for children aged 2 to 16, other criteria such as social status, money, and educational level will not be taken into account when segmenting the market.

### ***Positioning***

The overall positioning strategy remains the same. For the same price as rivals, customers may get more value out of their new things. According to Lego's positioning statement, Build Your Dream is a constructive toy that allows you to create your own LEGO furniture and build your own dream for interested kids who need to develop their own style.

### **The Marketing Mix (4ps)**

#### **Product**

Lego creates items for children of all ages and has created a variety of activities to keep them occupied. Animals, Cars, Boats, Airplanes, STEM, Coding, and Robots are among the Lego product categories. There are also various themed sets based on popular franchises such as Star Wars, The Lego Movie, Toy Story, and Batman.

#### **Place**

Billund, Denmark is the home of the Lego Group. Enfield, New York, London, Shanghai, China, and Singapore are among the company's other headquarters. Aside from these, the company operates five global manufacturing facilities as well as a number of regional offices and retail outlets. Several warehouses in different parts of the world provide the company's retail channels.

#### **Price**

In general, Lego has embraced a premium price strategy. It invests a significant amount of money in the materials it utilises, as well as marketing and other expenses. It does, however, provide a number of specials and discounts in order to expand its market share and client base. Because it is a well-known brand, it can charge premium prices.

#### **Promotion**

All across the world, Lego is a well-known brand. The number of Lego enthusiasts on Facebook has topped 13 million. With 7.7 million YouTube subscribers, it also leverages the platform for video marketing. As the company's digitization progresses, Lego is actively leveraging digital media for advertising and customer connection.

## Conclusion

Lego's methodology of hushing up on political issues works for them when quietness is additionally taken as a position. This investigation shows that the brand doesn't have any significant requirements or dangers. On the off chance that they genuinely make their whole assembling and production network process totally maintainable and plant-based, it will be an astonishing accomplishment for the organization and for the world. On one hand, Lego's greatest shortcoming is to secure its protected innovation freedoms. Then again, Lego's most prominent strength is its advancement, superior grade, and permitting bargains.

Lego has a lot of opportunities to research in the future. The greatest of these opportunities is to enter new geologies. Simultaneously, imitation items pose the greatest threat to Lego.

Given the fierce competition in the toy industry, Lego, like its competitors, is vying for children's attention, interest, and support. Each organisation has developed its own strategy.

## Strategic Recommendations

- More divisions for young girls.
- More versatile application and game determination to support among computer game monsters.
- Improvement for the new age advances like AR and VR.
- Making more friendly obligation occasion all around the world to push its fundamental beliefs

## References

Carreira, P., 2015. *from educational toys to software and hardware devices*. [Online] Available at: [Science4you, SA: Doctoral dissertation](#) [Accessed 19 Dec 2021].

David, J., 2019. *PESTEL analysis of the UK*. [Online] Available at: [Retrieved October, 30, p.2019](#). [Accessed 19 Dec 2021].

Dradi, G., 2020. *Marketing plan of Cool Things..*. [Online] [Accessed 20 Dec 2021].

Duarte, P., 2012. *Science4you: competitive advantage in promoting science:.* [Online] Available at: [business strategy case study \(Doctoral dissertation\)](#).

## Marketing factors analysis and the role in business

[Accessed 20 Dec 2021].

Išoraitė, M., 2016. *Marketing mix theoretical aspects..* [Online] Available at: International Journal of Research-Granthaalayah, 4(6), pp.25-37.

[Accessed 19 Dec 2021].

Lazoriková, L., 2021. *Market research: market research of selected European countries and creating market entry strategies.* [Online] [Accessed 21 Dec 2021].

LEGO , 2017. *Lego's Market Segmentation Strategy.* [Online] Available at: <https://ccs.instructure.com/courses/1396406/pages/case-study-2-dot-1legos-market-segmentation-strategy> [Accessed 30 Dec 2021].

Londhe, B., 2014. *Marketing mix for next generation marketing.* [Online] Available at: Procedia Economics and Finance, 11, pp.335-340. [Accessed 20 Dec 2021].

Pratap, A., 2021. *A five forces analysis of Lego.* [Online] Available at: <https://notesmatic.com/a-five-forces-analysis-of-lego/#e> [Accessed 29 Dec 2021].

SUDHAKARAN, A., 2020. *Swot And Business Analysis Tools DEC 29, 2020.* [Online] Available at: <https://pestleanalysis.com/lego-swot-analysis/> [Accessed 18 Dec 2021].