

Provide the Globle Strategy to improve the competitiveness of this Industry

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Abstract: Due to the appearance of mini-figures and themes, Lego successfully integrated narrative and role-playing the game system in the concept is most intuitively presented in the form of a product, creating an immersive building experience for children. The children's sense of gaming experience skyrocketed and directly led to the rapid expansion of Lego. Lego's grasp of the sense of experience allowed it to inadvertently peek into the core of the game industry.

Keywords: Strategy, industry, game.

1. INTRODUCTION

1.1 Topic Explanation

As one of the successful toy company in the world, LEGO has almost grabbed 2/3 toy business in their industry. How did they achieve the goal this has always been questioning for most of toy competitors. (David Robertson, 2013) This paper will analyse probably 5 aspects of LEGO's globalisation strategies and business methods, cutting different sections into the marketing topic, such as LEGO's competitors, industry dynamics effects on LEGO's profitability around 1997 to 2006. How marketing has made LEGO the most popular toy brand in the world?

1.2 Main Issue Address

This report will address relevant theories associated with global corporate policies and strategies, apply analytical techniques in Lego organisation. I will demonstrate knowledge of the Lego strategies through critical analysis enables an organisation to relate to its global business environment. Finally, there will be a conclusion and recommendation on Lego organisation globalisation marketing strategy.

2. INDUSTRY COMPETITIVENESS

2.1 Competitive landscape of Lego

The world's top five toy companies are Mattel, Hasbro, Bandai, Duomei and Lego, their development path is diversified, business throughout some fields, and in different industries and multinational projects occupy a particular position. Such as Mattel in infant toys, dolls, model cars, riding toy car sales of these four products in the first place. Bandai and Duomei are not as objective as Mattel and Hasbro, but they also have a significant market share in small and medium-sized industries. The five global toy industry has a high concentration and a relatively steady pace of development.

The top five toy companies all had 30.8% market growth and expansion. There was an indicator of around 30% up and down in 2009-2016. The development of the advantages of the five enterprises in their respective channels and markets is showing a good trend.

The three sub-sectors with the highest concentration in 2016 were architectural model toys, doll toys, and deformable puppet toys, with 76.1%, 59.3%, and 54.4%, respectively. For example, the concentration of sub-sectors such as moving dolls, architectural models, dolls, art crafts, model cars, pre-school toys, etc. is higher, and the Gundam toy is more excellent than 40%.

In particular, building model toys, building model toys accounted for 76.1% of toys in 2016, of which the LEGO Group accounted for 65.5% of the total market.

2.2 Impact of Industry Dynamics on Lego's Profitability From 1997-2006

\$800 million debt was taken in LEGO officially in 2003, it turned out around for the world economy crisis 2000. This makes people to think of how did LEGO offset the debt? To my opinion the leadership system and the management play an influential role for the tough period. Taking back to their focus is one of the important key, creativity is always as a core spirit for running the market. Stay focused as the brand grows, don't deviate from the success in the first place and original direction. Less is more is always the high-line.

LEGO's interactive approach involves children's authoritative mastery of their thinking processes, allowing children to use LEGO bricks to build and create the perfect structure. LEGO integrates vital skill sets into children, whether they are building their own items or working with their loved ones. Lego bricks can be used as a tool to unlock the child's unlimited potential, enabling them to create their own space, invent new forms and satisfy each child's lasting curiosity. A complete LEGO project always revitalises the child's energy level, and teaching them patience is the key to expecting a fruitful work. This is the most important lesson that LEGO bricks can teach children to build blocks, even to find out what might happen.

3. INNOVATION AND KNOWLEDGE MANAGEMENT

3.1 Definition of Sustaining Innovations

Sustaining innovation is important for corporate decision-making, and is one of the core contents of corporate innovation activities and obtaining competitive advantages. Enterprises need to understand the pattern of continuous innovation in the industry, increase their understanding of the economic value of constant innovation, cultivate continuous innovation capabilities, eliminate institutional barriers, and gain competitive advantage.

From the perspective of continuous innovation, the original innovator may not be able to benefit the most from innovation, and the imitator may benefit the most from competitors. This phenomenon has great implications for the formulation of our industry competition strategy.

Any major technological innovation will cause an innovation group and a series of continuous innovations. (Moore, 2005) This is the process of sustaining innovation. It follows the major innovations, accompanied by the growth of a new industry and the regeneration or decline of the old industry.

3.2 Definition of Disruptive Innovations

Early disruptive technologies were defined as typical simpler, cheaper, more reliable, and convenient technologies than existing technologies, and “simple, convenient, and cheap” was regarded as a feature of the initial formation stage of disruptive technologies (Christensen in Proposed in 1997. At the same time, disruption is understood as a relative term, and disruptive ideas for one industry may be sustainable for another, Christensen et al. Proposed in a 2004 study.

Innovations that help incumbents achieve high profits by selling better products to the best customers are sustaining innovations, not disruptive. Sustainability innovations include not only small, incremental process improvements, but also leapfrogging on the original performance trajectory. Compared with sustaining innovation, the target customers targeted by disruptive innovation are often unattractive to incumbent companies. Although disruptive innovations are often simple improvements and adjustments to known technologies, in this game, new entrants almost always defeat the incumbent because the incumbent company lacks the motivation to win.

3.3 Innovation Strategies of Poul Ploughman and Jørgen Vig Knudstorp

In 1998, for the first time, Lego suffered losses for the first time.

To address this crisis, Lego hired Danish corporate transformation specialist Poul Plowman as COO. But it was precisely this decision that led LEGO to bankruptcy.

After taking over Lego, Poul Plowman came up with 7 innovative mottos:

1. Admit innovative talents with different cultural backgrounds. 2. Drive to the larger market. 3. Focus on customers. 4. Practice disruptive innovation. 5. Cultivate open innovation. 6. Explore all-round innovation. 7. Create an innovative new corporate culture.

With these guidelines in mind, Poul Plowman led Lego on the path to transformation. Around the above seven points, Poul Plowman cut off the classic Lego Duplo series, launched new products such as the Lego Search series, and changed from a producer role to providing educational services.

Jørgen Vig Knudstorp, a former management consultant at McKinsey & Company, held a responsibility to the company and took over as CEO of LEGO. He went back on the point called “return to reality” and focus on their representative products. He reduced the number of different parts produced by LEGO from 12,900 to 7,000. To sum up the economy crisis.

Sometimes, the most challenging leadership change for a CEO is not a job change, but a new path to the company. Jørgen Vig Knudstorp joined the family-owned LEGO Group as an outsider in 2001 and was named CEO in 2004. He learned that when relocating this 76-year-old Danish toy, a series of different leadership styles were needed for manufacturers to build a stronger financial foundation, reposition it for growth, and open it to enthusiastic users.

3.4 Challenges of recruiting and Retaining a skilful workforce

When a person changes in an organization, as a manager, first of all, they need to understand the real reason for the change, so that they can better understand what their main challenges are. The most basic challenge to be addressed in corporate recruitment is, first, cultural matching. In addition, there are five more dynamic challenges: 1. Skill changes 2. Employee loyalty 3. Employee personal needs 4. Economic and industry fluctuations. As these challenges are becoming more and more fierce, the challenges for HR and enterprises are becoming more and more severe. Enterprise recruitment is

something that every enterprise will face on the way to its establishment and development. This is one of the important links in the composition of an enterprise. The biggest employee recruitment and talent challenge facing the LEGO Group lies in the global development of the LEGO Group itself and cooperation across multiple fields. It is relatively demanding for employees themselves, and relatively difficult for personnel training.

3.5 How did Lego Address this Challenge

Lego's introduction of gamification is the most important tool to attract and recruit young people and suitable candidates for the right job through the virtual gaming world. Most of younger employees are brought from Lego's VIP system, or directly selected by Lego fans in which is a smart way for recruiting potential talents, because they already have the passion and certain basic skill on Lego's products comparing to others. As Lego's development, innovative technologies are always required in the organisation. Lego always largely gets collaboration with different industry, in the same time, attracting talents coming from relevant industry to expand their business.

Lego captures the traits of young people who like high technology and the habit of playing games. In the recruitment process, LEGO invested high-tech game buying points into attracting talents to join. Let employees and recruiting newcomers feel the charm of Lego, and tell employees the future of Lego in disguise.

4. CORPORATE SOCIAL RESPONSIBILITY (CSR)

4.1 Definition of CSR

Corporate social responsibility is to create corporate groups to enjoy the benefits of customers, the environment, shareholders and employees. The key is to emphasise the process of work outcomes in ecological and climatic conditions. Propose a good common society and current business strategies based on corporate challenges. In addition, corporate social responsibility practices will guide the industry to effectively cut costs. Last but not least, the culture of corporate social responsibility will lay the foundation for corporate innovation and creative development.

4.2 CSR Strategies of Lego

LEGO announces the first batch of plant-based plastic parts made from sugar cane to be marketed. New products will account for less than 2% of Lego's total plastic production. But the company says that this is the first step in Lego's goal of using sustainable materials in core products and packaging by 2030, meaning that every brick will be made of sustainable materials.

Lego's commitment to corporate social responsibility has paid off, and the award is the best global ranking for corporate social responsibility contribution organised by the American Reputation Association. Lego won credits 74.4 out of 100 points, beating Microsoft and Google respectively, ranking second and third. The data is based on more than 170,000 ratings from the 15 largest economies in the world, including the United States, Brazil, Australia, France, Germany and the United Kingdom.

4.3 CSR Strategies of Mattel

Mattel is the world's largest toy maker product line, a household name in the Barbie collection. Mattel started its original corporate social responsibility program in 1997, launched the first global reporting

initiative in 2003, and reports are published annually thereafter. In 2007, Mattel found that various toys in its product line exceeded the safety level for children, and more than 18,000,000 products were recalled. The product quality crisis had an impact on Mattel's corporate profitability. Mattel subsequently made a comprehensive modification to the testing and review process in the manufacturing field. The solid position in 2011 shows that Mattel overcomes huge business errors. Mattel has also made a huge initiative on recycling trash from employee lunches, and actively supports local communities through its buying behavior, and has made significant improvements in recycling. Mattel's commitment to employee culture and satisfaction was named by Fortune Magazine as one of the "100 Best Companies to Work For" for the fourth consecutive year in 2011.

4.4 The Similarities and Differences of CSR Actualise Between Lego and Mattel

4.4.1 Dynamics Of The Toy Industry

Toy makers recognised that profitability requires leveraging licensing rights across multiple platforms, which is why products ranging from cartoons to video games and movies to actual toys are produced. Larger companies are making acquisitions based on these trends, but profit points are difficult to summarise through such operations. The Economist reported that Hasbro's operating margin fell by 11% in 2012 and Mattel's net profit fell by 24%. Mattel is one of the most valuable properties, with Barbie falling for the fourth consecutive quarter and a 12% decline in the most recent quarter. In the short term, without any sensational movies and related toys, sales in the toy industry are expected to decline significantly. All in all, the main trend of the toy industry is driven by cross-industry cooperation.

4.4.2 PESTLE Analysis

– POLITICAL :

The political situation and the inevitable connection with the political sector and every business, Lego is not exclusive. The political environment and Lego's operations have related developments, and there will be better development from a market perspective.

– Economic :

The development of Lego is the foundation of a stable economic income. LEGO's improved products mainly provide relative benefits of market demand. The LEGO Company has improved the market economy for colleagues, and also improved the interests and cooperation between various industries in the world.

– Social :

LEGO's product development has always been based on social rules to ensure that products are within the scope of social and public recognition. LEGO hopes that the service maintains good relationships with different types of people in the interests of society.

– Technological:

Technological development and skill requirements are important forces in the creative industry. In order to innovate and sell good products in the market, Lego constantly improves new technologies and cooperates with many other powerful competitors in the market. This is the secret for LEGO to ensure that innovation is adapting to change.

– Legal:

Not risking violations of local or international market laws is a standard established by every business. LEGO ensures compliance with all trading rules and laws in the market, which is the most basic market principle.

- Environmental :

Strategies to reduce pollutants and create a good environment are what LEGO has been doing. Lego has invested heavily in waste treatment systems to protect the company's factories and the surrounding environment. LEGO is committed to minimizing the environmental impact of the products it sells.

4.4.3 Porter's Five Forces

1. Threat of new entrants

LEGO has many strategic challenges. For product lines that are tailored to the needs and preferences of a particular market segment, the purchasing power of the buyer's market is enhanced. LEGO has a large external supplier capability, but the company still needs to establish a strong partnership with external partners in the supply chain to improve operational efficiency and innovation capabilities, ensuring the new entrants businesses.

2. Threat of substitutes

With new competitors entering the market, the risk exposure of the toy industry is higher than that of the Kia industry. In terms of technology and production, the toy industry does not have too high requirements, nor does it require a large amount of investment and expertise. Lego faces huge alternatives to popular brands.

3. Bargaining power of customers

Some of LEGO's high-end products have few competitors to provide alternative products. These lines require companies to increase investment and development, and may increase production costs. This is the bargaining gap between price and cost.

4. Bargaining power of suppliers

LEGO develops and maintains its strengths in producing products built from hardware and software. The bargaining power of the supplier is the focus of the production budget.(Myers,2008, p. 67–73) In the production process of Lego's high-end products, the bargaining power of the supplier is reflected in the market sales and profit of the product.

5. Competitive rivalry

Lego also faces competition from other toy industries, which are caused by potential competitors. Competition exists in every industry. Lego's competitors are not large toy companies, but emerging market players and the market share of the local toy industry in each region.

5. EXPANSION STRATEGIES & GLOBAL COMPETITION

5.1 The Strategies To Be Adopted By Lego To Be Market Leader In The Toy Industry

As one of toy companies in the world, Lego has been in the head of most interpreters of the world. Strategy is very important for a company or enterprise. (Santos, 2004, P.31) This is why people are always thinking about management, and leadership are the core of existance in a company. As an international enterprise or company, they must be explained their business over the world, so it called globalization business and management. Lego is one of the successful firms and companies over the

world. So people always think about how a successful company. It's been an industry for over ten or twenty years instead of standing there top of the industry.

LEGO is probably the most kids' favorite toy. Let's think about it. If you have a Lego toy, you will try to build a fantasy of reality. This is the power of this pure creativity. Lego toys are toys that show children another dimension of their imagination. Consider making anything you think of. Lego's shape, size, and colour are varied and remind you of pixels in a variety of ways. This is the perfect secret to push childhood innovation into the future.

6. CONCLUSION & RECOMMENDATION

Lego has been focusing on the toy industry for more than 20 years. They are not like most of enterprise step being two different industry and get indifferent collaboration with multiple tasking or mutual projects. They put off passions in their adapted area.

The focus of Lego's product management began to focus on suits. A series of core suits that have still been influential until now have been introduced and continuously updated. Among them, Lego mini figures have played a vital role. (Johnson, 2005) The appearance of Lego mini-figures not only allowed Lego game systems to expand and be compatible on a larger scale, but also more importantly gave Lego the opportunity to create a world. Due to the appearance of mini-figures and themes, Lego successfully integrated narrative and role-playing. The game system in the concept is most intuitively presented in the form of a product, creating an immersive building experience for children. The children's sense of gaming experience skyrocketed and directly led to the rapid expansion of Lego. Lego's grasp of the sense of experience allowed it to inadvertently peek into the core of the game industry. This principle accompanied Lego through the troughs and peaks and became a weapon for Lego to fight against cross-domain competitors in the Internet era after entering the new century.

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