



اَوْنَبُوْرَسِيْتِي تِيكْنُوْلُوْجِي مَارَا  
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**OPERATIONS MANAGEMENT**

**“LEGO”**

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## CONTENT

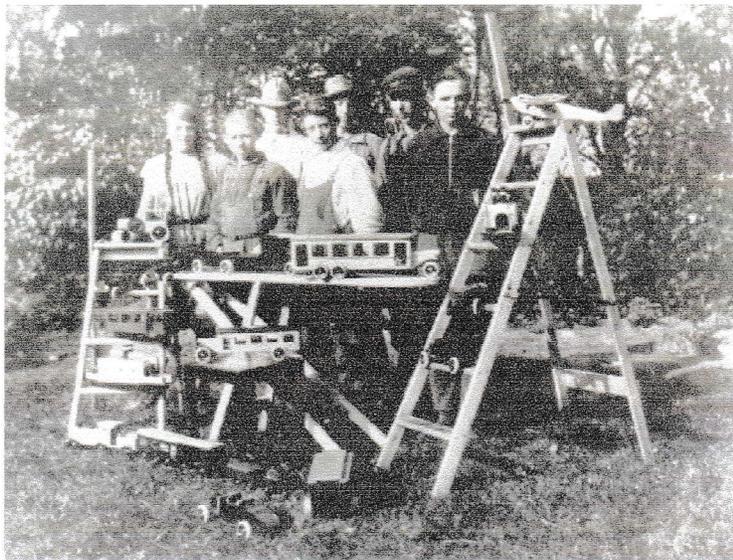
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## 1.0 Company Background/History

The history of **Lego** spans almost **100 years** of the existence of a toy that grew from small wooden playthings in the early 20th century into the center of a vast market of plastic building bricks that dominated the world markets for decades. It is one of the oldest plastic toys in the world. Its manufacturing was **started in Denmark**, but was eventually replaced by factories throughout the world. Today it is one of the most successful toys and has remained an iconic brand with a loyal and continuing following. Moved around the world around 1934. Is in the 'Top Ten Toys' around the world. Has been the most popular toy (not to mention, the most successful) and continues to grow today. The traditional date for the first Lego blocks is 1947, and the toys have continued to be produced with little interruption since around that time.

Successful brand, Lego, which was conceptualized by Ole Kirk Christiansen, a carpenter from Denmark, who began making wooden toys in 1932,

For one thing, most products never make it past the introduction stage; they die an early death. Second, some products (like some people) avoid premature demise by reinventing themselves. This is what the LEGO Group did. • The company had been reinventing itself during the fifteen-year period of 1990 to 2005, launching new products in an effort to recover its customer base and overcome a series of financial crises. Unfortunately, this strategy was unsuccessful. • “new products have even cannibalized on the sales of LEGO Company’s core products and thus eroded earnings.” • Also take-over threat by Mattel Toy Company forced its CEO into action.



## 2.0 Product Life Cycle

### 2.1 Introduction

Introduction stage . After its introduction in 1949, which is the first stage in any product's life cycle, the product, the bricks in this case, entered into the second phase, i.e. growth, which witnessed success and occupation of a large market share. This stage also saw the introduction of other products in the product line. . In 1962, the company added the wheel to its collection, facilitating the first Lego train in 1966. In the late 60's, Duplo, a series of larger bricks for younger children was introduced. . In 1968, Lego's first theme park, Legoland, was set up in the Billund (Denmark), the city that is home to the company's headquarters. The seventies saw the invention of the Lego Technic series, which allowed complex constructions by introducing beams, gears, gearboxes and several mini-figures. . At this stage, most companies invest in advertising to make consumers aware of a product. If it faces only limited competition, it might use a skimming-pricing approach. Typically, because it will sell only a relatively small quantity of the product, it will distribute through just a few channels. Because sales are low while advertising and other costs are high, the company tends to lose money during this stage.



## 2.2 Growth stage.

In 1962, the company added the wheel to its collection, facilitating the first Lego train in 1966. In the late 60's, Duplo, a series of larger bricks for younger children was introduced. In 1968, Lego's first theme park, Legoland, was set up in the Billund (Denmark), the city that is home to the company's headquarters. The seventies saw the invention of the Lego Technic series, which allowed complex constructions by introducing beams, gears, gearboxes and several mini-figures. At this stage, most companies invest in advertising to make consumers aware of a product. Typically, because it will sell only a relatively small quantity of the product, it will distribute through just a few channels. Because sales are low while advertising and other costs are high, the company tends to lose money during this stage.



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