Building the Future
Brick by Brick

By Clement Chan

In this hyper-paced, 3D digital era, where children’s entertainment options range from online interactive stories to virtual reality games, one privately owned toy company keeps growing. “Kids” ranging from four to 84 recognize its four-letter name instantly.

The company is LEGO. Founded in Billund, Denmark, in 1932, this world-leading toy manufacturer got its start as a family-owned wooden construction toy shop. The name originates in the Danish word “LEg GOdt” (meaning “play well”). It also means “I put together” in Latin, a fact the company realized at a later time. Serendipitously, the firm’s course was set from the very beginning.

Now in its third generation of family ownership, The LEGO Group products have been named “Toy of the Century” twice. Annual net profits have been more than $1 billion for the past five years and it continues to outpace fellow toy competitors by a significant margin. For anyone who has picked up their share of LEGO pieces, you might be interested to learn the firm sells 75 billion of them a year.

So how does a company build a global success story based on the small interlocking plastic bricks it patented and launched in 1958? One way is by successful product innovation. While tech companies such as Apple typically garner all the glamour over new product announcements, 60% of LEGO’s portfolio “consists of new products each year.”

LEGO has also successfully become a lifelong part of customers’ lives, whether as children, parents, grandparents, or collectors who bid fiercely on the generally lesser-known secondary market for specific LEGO products.

Speaking from first-hand experience, my decade-old collection is primarily focused on LEGO Star Wars “Ultimate Collector Series.” Launched in 2017, the purchase price of a new Millennium Falcon model is approximately $900 (CDN$). There are about 48 hours of assembly fun and then, given its large size, this toy is more for display than play. Like a limited edition print, LEGO will limit the inventory introduced over the product’s two-year lifespan. Given the great popularity of their Star Wars theme, the secondary market price (i.e., Amazon) for my Millennium Falcon could triple or quadruple once it’s officially retired. Time will tell, as the Original Trilogy’s popularity has pushed LEGO to re-release famous sets such as the Millennium Falcon and the Y-wing.

LEGO’s masterful ability to balance its core values and product with evolving times has led to expanded product lines, joint ventures such as the popular LEGO movie, and children now using an app to write a simple code to control specific self-build LEGO models.

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And yet, the creativity and organizational skills that make LEGO a worthwhile toy and pastime remain a critical part of the equation. Piece by piece, the plastic brick manufacturer still helps kids realize their dreams, have fun and learn along the way, while it strives to remain a leader in the constantly changing toy industry.