

Lego case study for brand communication

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CoP-PRA

Application courses

Campaign Planning, Consumer insights, Brand communication, or advanced PR and Advertising courses

Duration

Three to six hours (two weeks)

Events are an important element of brand communication. To learn how events can convey brand information and values, students will work in groups to prepare an event plan for Lego. Based on the information below, each group is required to complete the following tasks:

1. Design a two-week mall event for Lego in the summer holidays. Specify the choice of venue, the genre, and the set up (e.g. theme for each area).
2. Provide a draft layout/floor plan and include sample visuals to illustrate your brand communication.

Requirements

1. Oral presentation of 20 minutes
2. A written document of not more than 1,200 words, with a draft layout/floor plan and sample visuals

Assessment rubrics

Criterion	Excellent 10-9	Good 8-6	Satisfactory 5-3	Marginal Pass 2-1
Creativity and relevance of contents: 30 points	The proposal is original and is relevant to the brand image	The proposal is somewhat creative or it is somewhat relevant to the brand image	The proposal is not quite creative nor relevant to the brand images	The proposal is not creative nor relevant to the brand image
Justification of choice of venue and theme 20 points	Explanations are complete and helpful	Explanations are either incomplete or not relevant	Explanations are weak or not relevant	No explanations are given
Visual presentation 20 points	Stimulating and eye-catching, able to arouse high interest	Quite stimulating or eye-catching	Somewhat stimulating or eye-catching	Plain and boring, not able to arouse interest

Oral presentation 20 points	Engaging the audience, excellent eye contact, keeping to time, clear voice, and excellent interaction between group members	Somewhat engaging, good eye contact, keeping to time, voice adequate, good interaction between group members	Quite engaging, good eye contact, overrun, voice just adequate, some interaction between group members	Not quite engaging, lack of eye contact, overrun, voice not quite audible, lack of interaction between group members
Writing 10 points	No grammatical errors are identified, and they do not cause confusion.	Some grammatical errors are identified but do not cause confusion.	Many grammatical errors are identified, which make it difficult to follow sometimes.	Many grammatical errors are identified, which make it difficult to follow.
Total score: _____				

Case study information

The information in this case study sourced from an interview with Mr. Kenny Sham, Director, Head of Marketing (Hong Kong/Macao/Taiwan) on April 6, 2020 by Kara Chan and Dickson Yeung. Source: Chan, K. and Yeung, D. (personal communication, April 6, 2020). Interviewing with Mr. Kenny Sham, Director, Head of Marketing(HK/MO/TW).

1. Branding

Brand personality

Lego’s brand personality can be described as “trendy, kid-focused, innovative, [and] creative”. Naturally, these brand characteristics are best shown in Lego’s products. However, Lego, which produces movies, cartoons, and theme parks in addition to toys, seeks to promote a “lifestyle”, necessitating a wider approach to branding beyond product marketing. Key values of Lego’s brand include imagination, creativity, fun, learning, caring, and quality. These values are particularly important to Lego as it is a leading toy company in the world, which claims a responsibility to inspire and educate the next generation of children.

Brand framework

Lego sets a clear distinction between brand marketing, which involves higher-level themes such as fun, creativity, and education, and product marketing, which concerns more specific promotional details such as product features, target audience, and price. To a degree, these categories are mutually exclusive, as brand marketing campaigns must avoid product marketing themes such as price and specific product features.

In general, Lego spends about 60-65% of its marketing budget on product marketing, i.e. campaigns meant to promote specific products. An example of product marketing would be Lego advertising the educational features of a new product aimed towards children around 5 years old.

Another 30-35% of Lego’s marketing budget is spent on brand marketing. Lego produces one or two campaigns per year for Lego as a brand. The marketing objective of these campaigns is to convince consumers of Lego’s status as a premium toy brand, producing toys of high quality and value.

Lego’s brand framework can be found in Figure 1:

The LEGO® Brand Framework

Belief	Children are our role models
Mission	Inspire and develop the builders of tomorrow
Vision	A global force for establishing and innovating Learning-through-Play
Idea	System-in-Play
Values	Imagination – Creativity – Fun – Learning – Caring – Quality

Figure 1. Brand framework (Source: Lego, 2020b)

Luxury brand and counterfeits

Lego positions itself as a luxury brand in the toy industry, meaning consumers believe in the educational and entertainment value of Lego’s products. This reputation is upheld in part by Lego’s yearly brand marketing campaigns.

In fact, such is the strength of Lego’s reputation that many companies have tried to copy their products illegally, necessitating legal action from Lego. In 2018, for instance, one major counterfeit brand in China named Lepin was brought to heel in court and forced to cease production. However, such knockoff products are a sign of Lego’s success in brand promotion and marketing strategy.

Social and cultural issues

Lego’s fame and reputation naturally attracts attention from activists. As such, Lego takes a proactive approach to promoting social issues such as gender and racial equality, the former by portraying female Lego figures in different occupations such as firefighter, police, and doctor, the latter by portraying minority groups with different personality characteristics. Outside of products, Lego’s company culture is to create a responsible working environment for the employees by making

the workplaces inclusive, safe and motivating, as well as upholding the highest standards of ethical business behavior (Lego, 2020a).

Lego also adjusts its products depending on local culture, such as in the case of countries with strong anti-homosexual views. Lego has local teams in every region to advise on how to approach the region's local culture. Lego also has protocols in place to deal with questions or criticism regarding social issues such as environmentalism and inclusivity.

In particular, Lego maintains strict political neutrality, which makes the brand very popular.

According to Sham, politics has no place in a kid's brand, and even Lego's senior management are careful to avoid political stances.

Product

Age groups

Lego, unlike most other consumer brands, targets a particularly wide target audience, including both children and adults. However, every specific Lego product line is targeted toward a specific age group. Lego differentiates between several main groups of consumers: preschool children, older children, and adults, including "kiddults" - adults with an enduring interest in toys. Each group has its distinct traits, and Lego approaches each one differently.

Preschool children

This group includes children below the age of five. Preschool-age children are a key segment of Lego. For this group, parents are the key decision makers in any toy-buying decision, so Lego uses education value as a key theme to reach these parents. However, at this age, children have not yet learned or are only beginning to encounter written language, so toys for this segment will involve simpler educational goals, such as learning colors, animals, or the alphabet.

Older children

This group includes children above the age of five. At this stage, children and parents are both involved in any toy-buying decision, with older children having more decision-making power. This means that Lego must reach both children and parents with its messages to best influence purchase decisions. Lego uses online media such as cartoons and YouTube videos to reach children.

Adults

This group includes adults with an interest in toys. Many of these "kiddults" often enjoyed toys as children but did not own many themselves, and retained their interest into adulthood. Couples are also a part of this group, as sometimes adults may purchase Lego sets as gifts for their partners.

Household income

Household income plays a role in Lego's product marketing efforts. Lego features a vast catalogue of products spanning a wide range of prices, from HKD 20 to HKD 7,000, each targeted toward households of different income levels.

In the Hong Kong market, Lego occupies a space between "necessity" and "luxury" - that is, while it is a premium product similar to any luxury brand, the average household income of Hong Kong is high enough for Lego products to be considered common items to be purchased frequently. This

contrasts with Lego's position in other countries, such as India, where average household income limits the purchase of Lego products.

Popular products

Certain Lego product lines have proven particularly successful. The Lego City product line, which is made of Lego products set in modern society, as an "evergreen" product and one of Lego's best-performing product lines. This product line is popular among younger children, who tend to be interested in real life; additionally, the educational value of products directly related to everyday life adds to Lego City's appeal toward parents.

IP-related product lines also perform very well. Many consumers are particularly interested in collecting items of certain themes, such as Marvel- or Star Wars-related Lego sets. Adults in particular are often inclined to collect such products, and Lego releases new collectible products every month or two to keep this target interested.

Time-sensitivity

According to Sham, certain product lines can be considered "evergreen". Examples of these include Lego City, Disney Princesses, Star Wars, and Ninjago-themed products, each of which has its own loyal fan base which generates consistent demand. Other products, however, may be linked to outside events and rely on "hype marketing" to drive sales. For instance, the release of 2019 movie *Avengers: Endgame* caused a large but temporary influx of consumers seeking Marvel-themed products.

Marketing

A direct-to-consumer approach

In Hong Kong, Lego takes a direct-to-consumer approach to brand marketing. For example, Lego hosts school tours for 300-500 kindergartens and primary schools every year, directly showcasing the educational and entertainment value of Lego products to children and parents. Lego also relies on local celebrity endorsers such as actor and private tutor Patrick Lam, using videos of celebrities with Lego products to show off their brand. Additionally, Lego organizes at least two mall events per year to give children and parents hands-on exposure to the brand. Overall, Lego's marketing strategy in Hong Kong as relatively personal, event-based, direct, and user-friendly.

This approach contrasts with Lego's approach in different areas such as Southeast Asia, where Lego relies primarily on TV advertisement campaigns to market the brand. This is partly due to a difference in market size (the HK-Taiwan market for Lego is significantly larger than the Southeast Asia market). However, the homogeneity in language and culture of HK and Taiwan, which the Southeast Asian region as a whole lacks, also allows for easier communication with consumers.

Partnership with schools

Lego's partnership with schools in Hong Kong extends beyond hosting school tours. Many schools also have Lego products for students' recreation and for use in admission interviews. Schools tend to see Lego products as less a commercial product and more a tool for gauging and improving students' creativity, and the presence of Lego at schools is an indicator to parents that the school offers a holistic educational experience beyond mere academics. In some cases at the invitation of schools,

Lego hosts extracurricular workshops to teach parents how to play effectively with their children using Lego.

Psychology

Lego sometimes engages psychologists to better understand their target audiences and refine their marketing tactics. Lego's global division includes psychologists who the local Hong Kong division often consult. In other cases, Lego may reach out to local experts such as paediatrics.

Challenges

Sham listed two major challenges for Lego's current business in Hong Kong: stability, as well as changes in business income and consumer segmentation. Regarding stability, the recent political events in 2019 have caused some global firms to reconsider their position in Hong Kong. For itself, Lego still believes in the opportunities of Hong Kong, and is even planning to open new stores in the city, including a new indoors amusement park in Tsim Sha Tsui called Lego Discovery Centre. Regarding consumer segmentation, tourists made up 35% of Lego Hong Kong's consumers two or three years ago, but this number has fallen to 5% since the period of social unrest. Lego, with its strong branding and large local base, can more easily adjust its focus toward the local market, unlike many other retail brands which rely heavily on tourist and particularly mainland consumption. Recent events have served as a "wake-up call" to the industry to refocus on the local market, and that "agile" firms willing to make "brave business decisions" would still find Hong Kong a highly profitable market because of its average consumer spending power. Lego's current marketing strategy is 100% focused on the local market, contrasting with past years in which 40-50% of Lego's marketing targeted tourists.

Above/below the line

There is a marked difference between Lego's above-the-line and below-the-line activities, with branding advertising campaigns and video cartoons belonging to the former, and school tours, mall events, and in-store retail communications belonging to the latter.

Seasonal events

Seasonality is a key determiner of when consumers buy Lego products. The three main seasonal events for toys in Hong Kong are Chinese New Year, summer, and Christmas. Most of Lego's efforts target these three periods. Major events from Lego's partners can also generate business for Lego. For instance, Marvel-related Lego products tend to be in high demand whenever a new Marvel movie premieres.

Influencers

Lego has a strict rule of never paying influencers to promote Lego's products. Instead, they attract influencers to Lego with special activities, expecting that they will then promote the brand to their followers. Lego uses different influencers for different target audiences, e.g. when they approach a specific influencer to promote Star Wars-related or superhero-related products only.

Future

Digitized products

While electronics are not a primary focus of Lego, the brand does offer a number of robotic products (e.g. Lego Boost) which may be operated from tablets. However, Lego's approach to robotics is relatively passive, as local schools tend to be vigorous in pursuing robotics, in line with recent government emphasis on STEM promotion.

Besides robotics, Lego has also developed digital product lines. Digital play is no longer the future, but the present. One example is an AR product called Hidden Side, released in 2019, that combines physical Lego sets with digital gameplay. Lego is actively developing new digital products.

In-store traffic analysis

Lego uses digital beacons to track consumers within their retail shops. These are useful in analyzing traffic and in hype marketing, and can measure the impact of above-the-line activities and new events by Lego's partners (e.g. new Marvel movies). In addition, Google is developing a new system to integrate location-tracking into advertisements, which will allow Lego to track the conversion of Lego ad views to Lego store visits and purchase.

References

Lego (2020a). About us: sustainability. Retrieved from <https://www.lego.com/en-us/aboutus/sustainability/people> (accessed on May 7, 2020).

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