

LEGO glocalizes through cultural feast

upgrading customers' shopping and playing experience



Siyuan Teng | Final presentation

Globalization

Increasing active users:

In 2020, lego experienced a sharp growth in the number of visitors to its e-commerce platform. More than 100 million people visited the lego website which was double compared to previous year. (1)

Meet supply chain with global market:

Lego factories are located in different countries such as Denmark, Czech Republic, Hungary, Mexico and China, to provide a more solid supply chain. (2)

Revenue and opportunities:

Americas, EMEA and Asia Pacific are Lego's three main market. The revenue shows a lower penetration of the Asia Pacific market region. Lego group is now focusing on long term growth and investing in initiatives that can drive higher success for the company. (1)

Localization

Sharp growth in APAC:

As Lego continues to build its presence in China, its revenue was driven by double-digit growth and it plans to open 120 flagships globally and 80 of them will be in China. Also, in South Korea, it owns an 11.5% market share. (3)

During pandemic:

Lego saw massive gains during the pandemic. In Asia, Lego benefits from people spending more time at home. People prefer to visiting online stores and social media, as many of Lego's physical stores were forced to temporarily close. (4)

Culture is a key element of strategy:

LEGO is reshaping its current business to drive deeper customer loyalty by better meeting customer needs under the multicultural context of the Lego shopping and playing experience. (5)

(1) <https://notesmatic.com/global-marketing-strategies-of-lego/>

(2) <https://digital.hbs.edu/platform-rctom/submission/lego-the-missing-bricks-in-their-global-supply-chain/>

(3) Lego Annual Report, 2020 (5) www.lego.com/en-us/sustainability/people/diversity-and-inclusion/

(4) www.cnbc.com/2021/03/10/lego-sales-soared-in-2020-helped-by-e-commerce-and-china-growth.html

Glocalization challenges

Poor customer engagement through online channels:

With lots of physical stores closed during the pandemic, Lego's website cannot involve customers with further interaction and understanding of products. This causes decreased conversion rate on Lego's e-commerce website.

Cultural perception distance:

Cultural gaps hinder customer engagement. Famous products like Hogwarts Castle are very popular, but many other products produced in small batches do not resonate with Asian customers, resulting in dormant users after buying the most popular products.

A more engaging shopping experience and more culturally customized product sets / ways of user co-creation are needed.

HMW innovate Lego's e-commerce more culturally diverse and more interactive, to resonate with local customers in an engaging way?

AEIOU

Users

Kids and teenagers (need parents / teachers' help)

Young adults (with strong purchasing power and with own point of view on aesthetics and hands-on play.)

Experts/maniac and artists (players as well as influencers)

Parents and teachers (buy as gift)

Activities

- Visiting Lego.com;
- Visiting physical stores;
- Visiting Lego house/park/legoland;
- Intaking Lego news;
- Exploring Lego's social media info;
- Interacting with Lego community.

Environments

- Physical store experience;
- Website visiting, online shopping apps searching;
- At-home playing bricks, need huge space and desk;
- At-home storage, ex. cabinets.

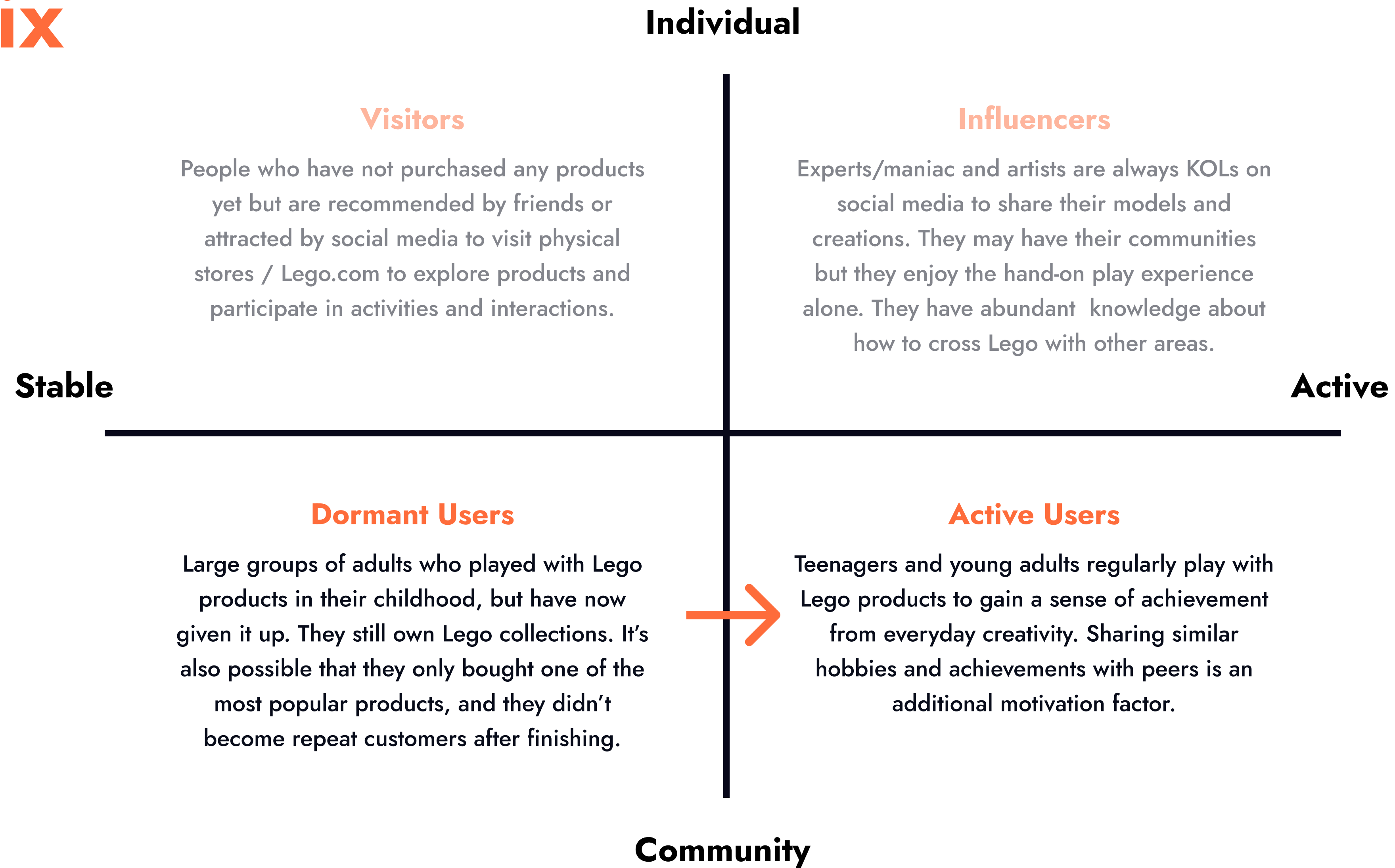
Interactions

- Access online content via website/apps/social media;
- Comparing among different channels for more detailed information of products;
- Purchasing products/services;
- Visiting physical stores for activities and tangible experience;
- At-home playing alone or with friends;
- Sharing the final model with close friends or on social media.

Objects

- Package/Lego box;
- Products, tools; accessories;
- Displays, showcases and exhibitions;
- Brand poster, manuals, books;
- Softwares (for smart playing);
- Souvenirs and momento.

Matrix



Target user persona

(a combination of active users and dormant users)



ERIC HSU

Active User (High Engagement)

Age 26 years old
Occupation Software Engineer
Status Single
Location Shanghai, China
Context with a roommate

Curious for high-tech toys

Global

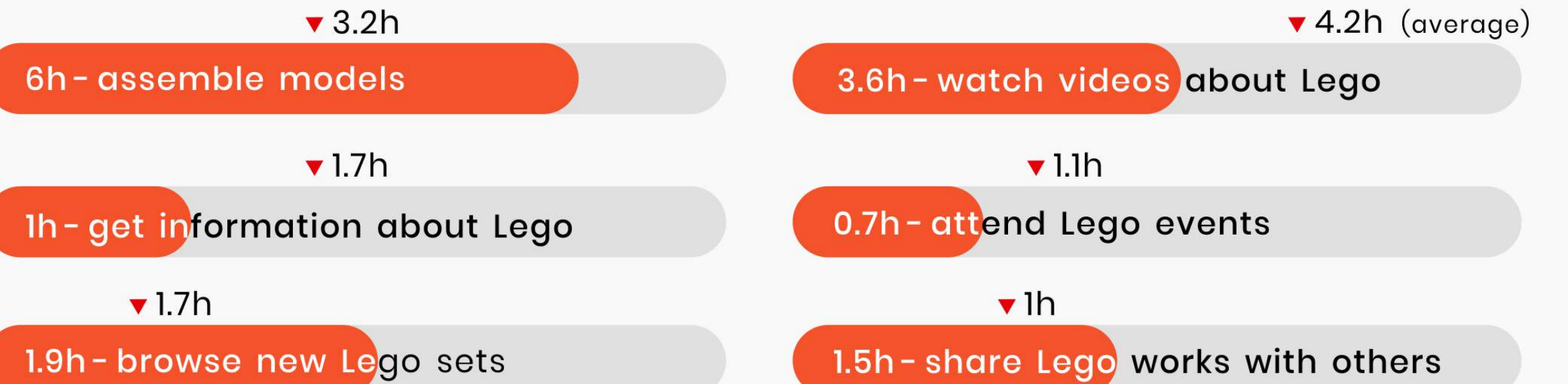
Extrovert



I'd like to share with people who have the same interests with me. This is also support for myself to keeping my interests.

Eric attended his graduate school in Korea and moved back to Shanghai after graduation. Eric has loved cars and collecting model cars ever since he was a kid. Also, in his spare time, Eric loves to build creative architecture with Lego products. Many of his closest friends also enjoy such hobbies.

Weekly engagement:



Goals:

- utilize high tech to increase interactivity and creativity
- embrace flexibility with multi-cultural context & local IP
- share collections with a larger impact on social media
- have contextual and in-time tech support if needed

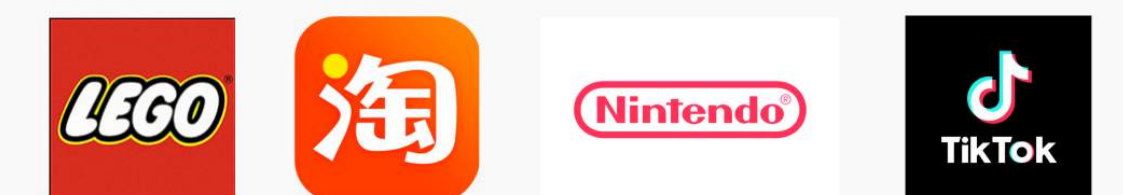
Satisfaction:



Pain points:

- "One-time" Products' limited flexibility to create
- Few products culturally resonate with local customers
- lack of active community to engage but desire to sharing and uplevel self-achievement

Brands:



5E's ux journey

Lego has built a strategic pathway to provide rich tangible experiences and high engagement in physical stores.

"Entice" step:

It lacks sufficient exposure and localized content in popular local channels.

"Extend" step:

Users celebrate the completion in limited ways. It's difficult to display and store the models after finishing.

HIGH UX

A well known brand reputation and experience.

Rich tangible experience of offline stores

High engagement of offline stores

The joy of sharing one's achievement

Display and decoration effect and pleasure

EMOTIONAL CONFLICT

try to find a more complicated set.

"find an attractive one, but it is so expensive."

"physical store is so far and so many fake Legos online."

"Is it good for me? For girls? Too old?"

When shopping online, has challenging to find trusted retailers.

"Guidebook is confusing and complicated."

"It takes more time than I expected before."

"Lego really needs space to play, store, display."

"Lack of users' reviews, I am hesitate..."

Happiness with Lego: completion and a sense of achievement

"It was tough but worth, how can I celebrate it?"

Don't have the impulse to visit offline stores for a period of time.

"I feel good every time when I see the set."

"Where to store and display this set?"

Need fun activities to engage

Browse Lego news and videos on social media

Receive Lego as gifts

ENTICE

No advantage in using the official website.

Lack of experience from local media

ENTER

Lack of localized content or products.

Low engagement in local community

ENGAGE

Lack of engagement between on & offline

EXIT

Lack of incentives to revisit offline stores

EXTEND

Difficulty in storing the products and models.

Lack of ways to celebrate completion

Low engagement of online channels

LOW UX

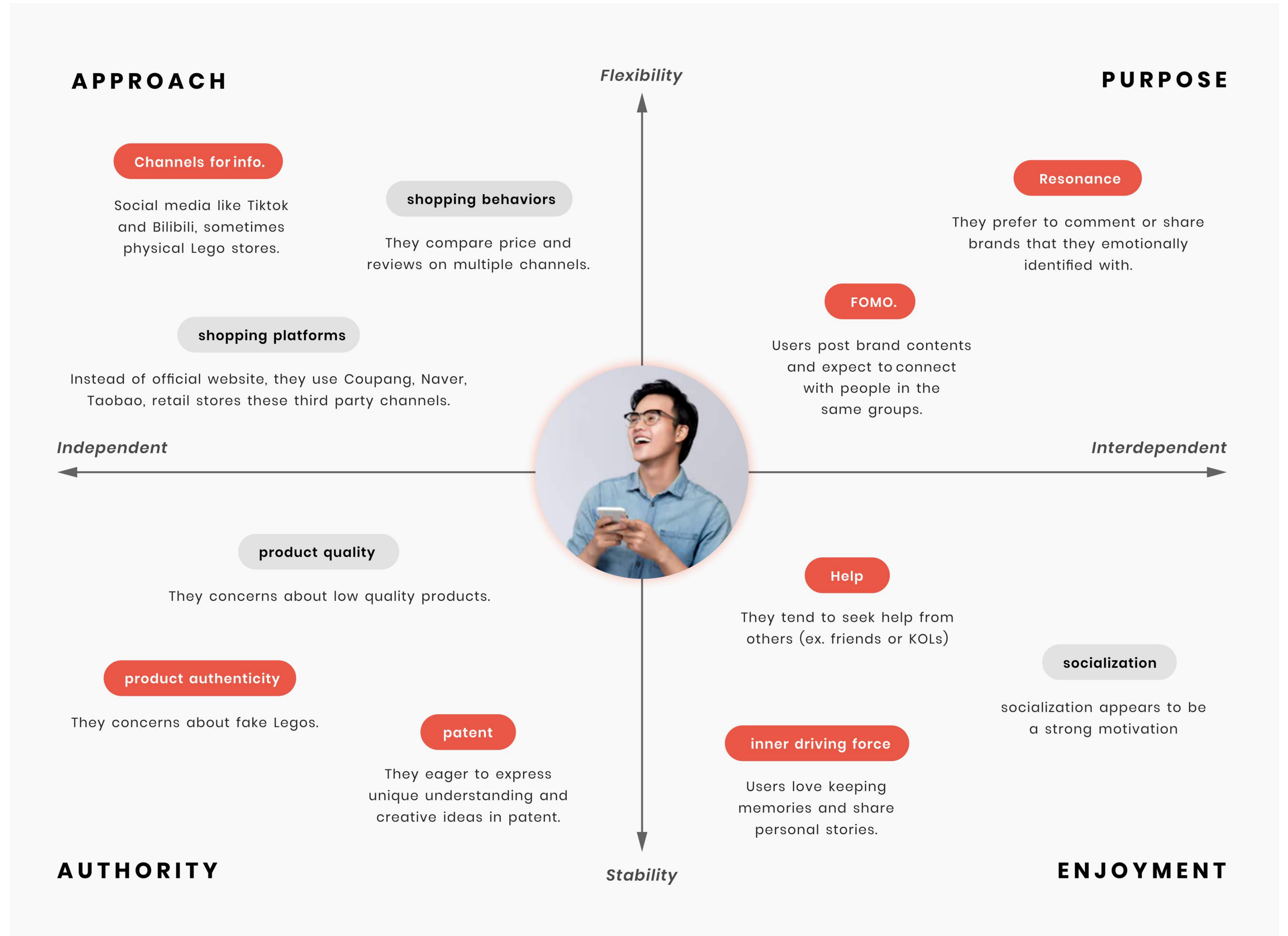
Cross-culture analysis

Shopping preferences:

Third-party platforms and retail stores are the common purchasing channels. Customers need to navigate between different touchpoints to compare prices, customer reviews, and authority.

Playing expectations:

Users like brands that they emotionally identify with. They want to keep memories and share personal stories.



Reframe the problem

[Perception] How might we narrow cultural gaps to resonate with customers?

[Contexts] How might we increase customer engagement, especially for dormant users?

[Touchpoints] How might we integrate experiences into the existing physical and digital infrastructure?

Competitor analysis

Lego can provide a **co-creation system** on local channels with customers, engaging more people to create more culturally customized content.

Similar Play

brick-based constructive play



Minecraft



Nanoblock



Disney



Universal Stu.



IKEA



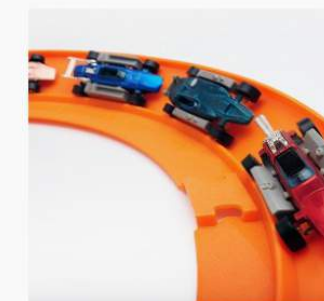
LEGO

Similar Ecology

- multiple touchpoints
- cross-cultural issues
- localization strategy

Similar Value

relaxation and collection; educational value.



Hotwheels



Mattel



Hasbro

Business Model Canvas

Lego is a typical long-tailed enterprise. It needs shortcuts to penetrate Asian market.

We can provide **hybrid (physical and digital) plays** to improve personalization and create more value for customers.

Long-tail Business Mode

Key Partners

- IP companies
- Co-creation Lego users
- Manufacturer in Jiaxing
- Cooperative companies ex. schools

Activities

- R & D
- Sale and Services
- Community events

Resources

- KOLs / media
- Users
- eco-friendly plastic raw materials

Values

- Relaxation
- Aesthetics (collection and decoration)
- Creativity
- Education and all-round dev.

Relationships

- Community
- Parent-child
- Third-party channel eco.

Channels

- Offline (retail stores, flagship)
- Online (other shopping sites)

Customer Seg.

- Adults & teens (pursue the complex sets, consider the cultural sets)
- Kids & toddlers (culturally appealing)
- Parents
- Teachers

Cost Structure

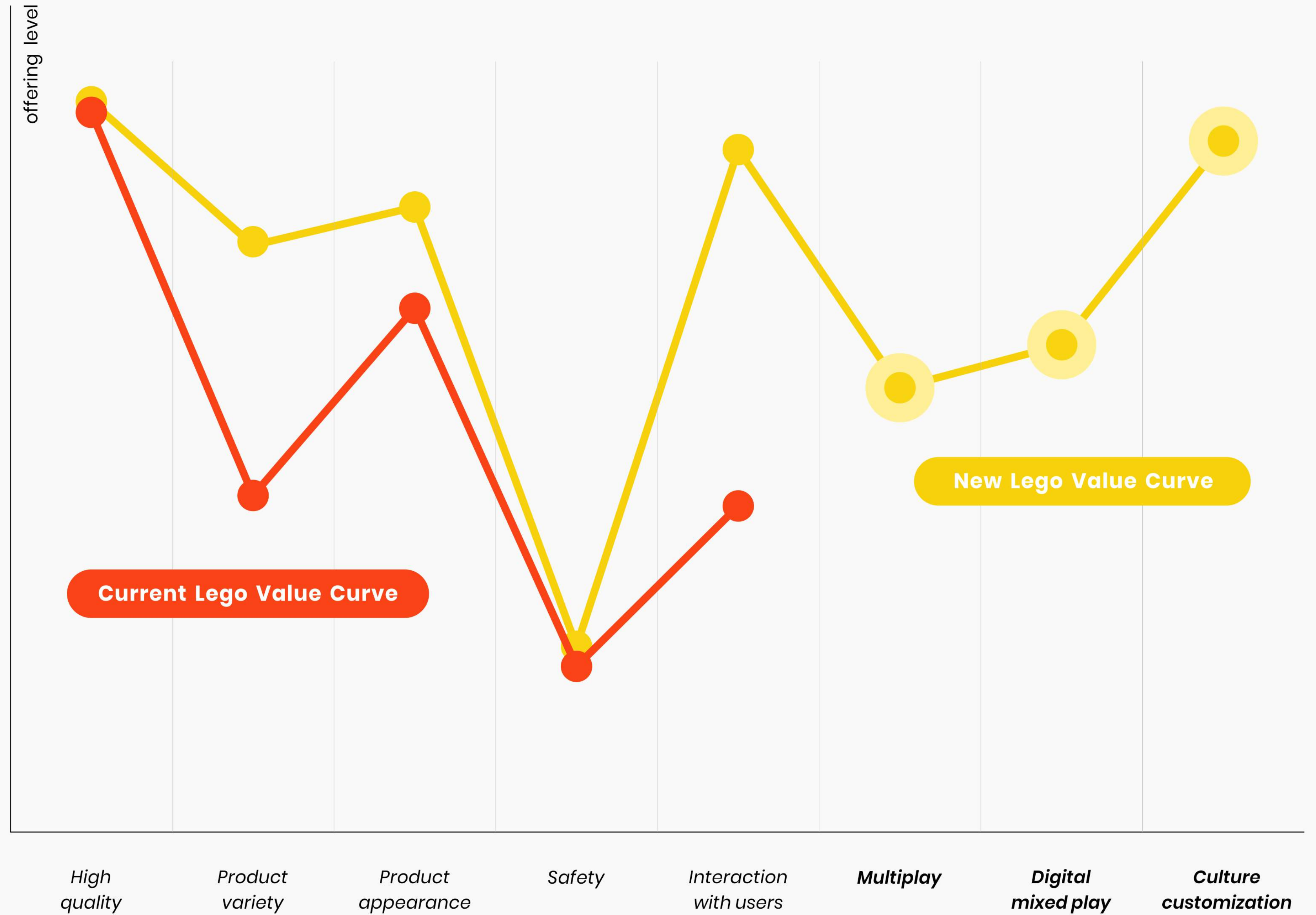
- Materials and production
- New sets research and development
- Community events holding

Revenue Streams:

- Pay per product
- Fee for service (ex. Lego@edu)
- Pay for community events

Strategy Canvas

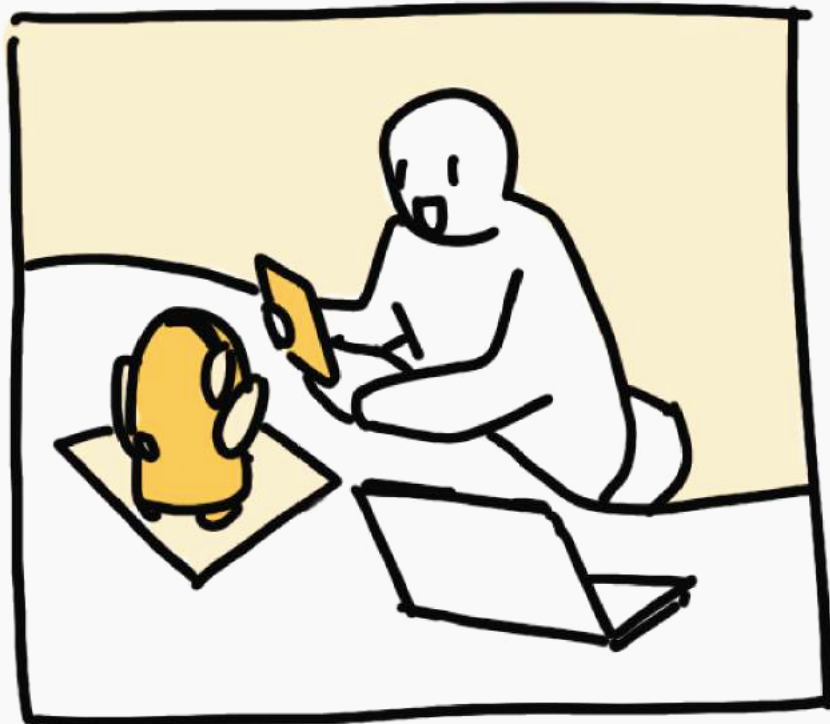
For extended value, in addition to hybrid play innovation and cultural customization, a shift to **local communities** building is also highlighted.



Scenario (a vision of future)

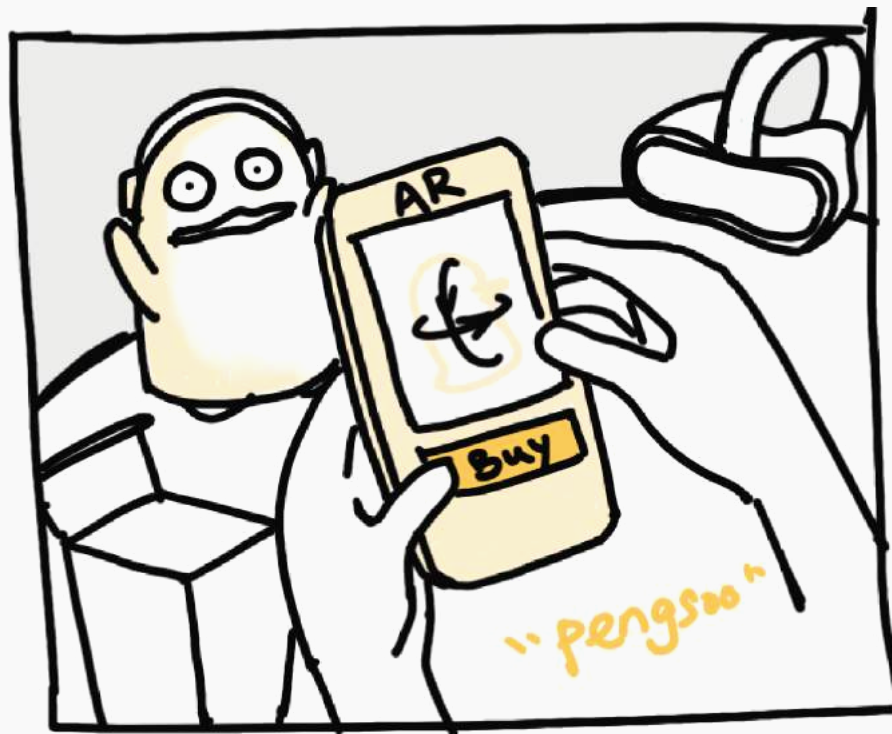
In short, the opportunity is :
designing a co-creation system with hybrid plays to contribute to local Lego communities.

Entice



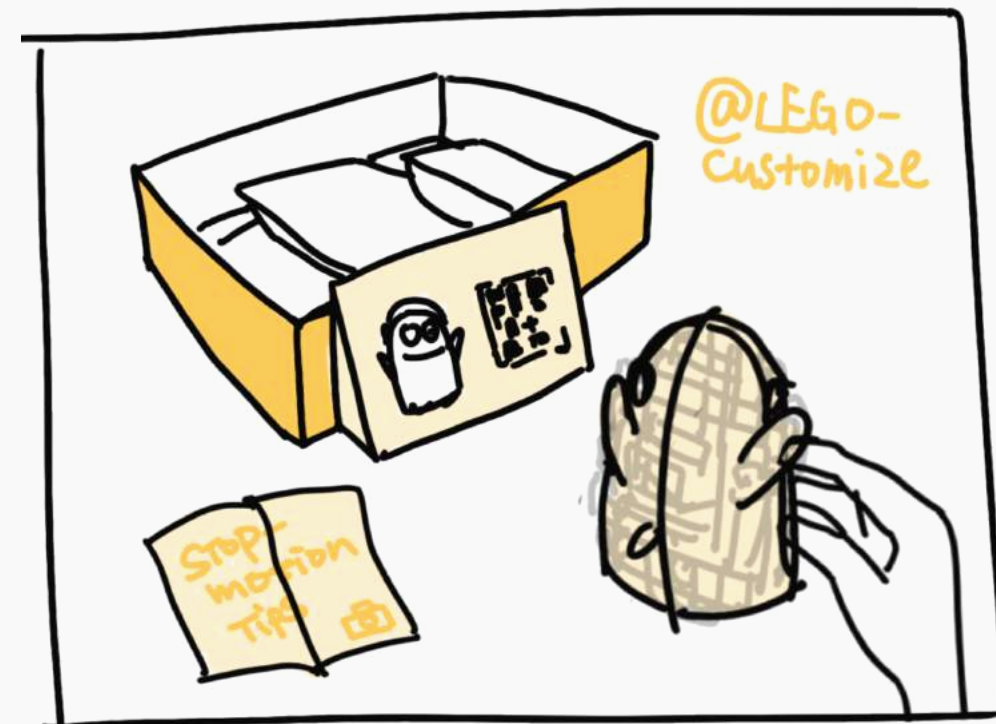
Eric found a cute "Pengsoo" figure and the character is pretty famous in Korea. This character is so culturally resonating so he took a shot of it and wondered if he could build Pengsoo's Lego model to practice creativity.

Enter



After uploading pics to our app(?), the system will build a virtual pengsoo lego model based on these sets of pictures. he can manipulate the screen to view it from various angles and also see the model from VR headset.

Engage



After clicking the "Buy" button, Eric receives a customized Lego brick set, based on the virtual model's size, color and brick quantity. Also, the package includes manuals about stop-motion tutorials or inspiring ideas to share the creation.

Exit



Eric shares his stop-short motion videos on Tiktok. He writes a story about Pengsoo in Hogwarts Castle and how the model interacts with the character (including Harry Potter, etc.) and the environment. And this video becomes viral.

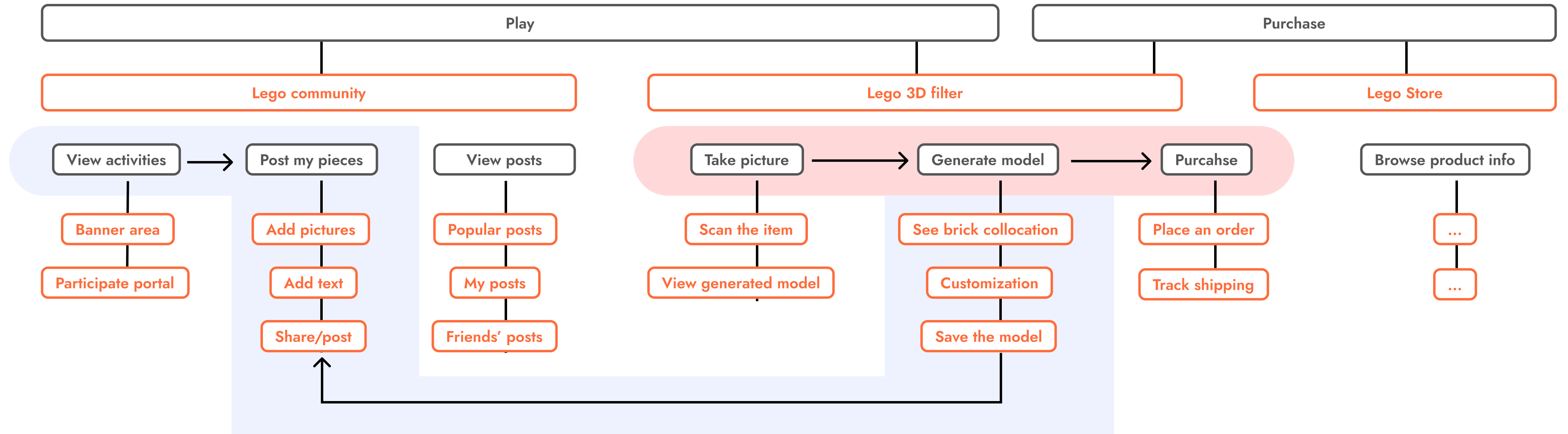
Extend



Lego notices the community (Eric and fans/lovers) of how Pengsoo acts in Lego product system and realizes the opportunity to build valuable locality. So they begin to negotiate to license agreement with Pengsoo IP. At the same time, as a reward, Lego will give gifts and coupons for Eric.

System flow

intention/action Page support



- Flow 1
 LEGOers can buy customized brick sets based on the scanned, culturally-resonating model (Unique).
- Flow 2
 LEGOers can participate in community activities/campaigns to share their pieces and to enhance cultural inclusiveness.

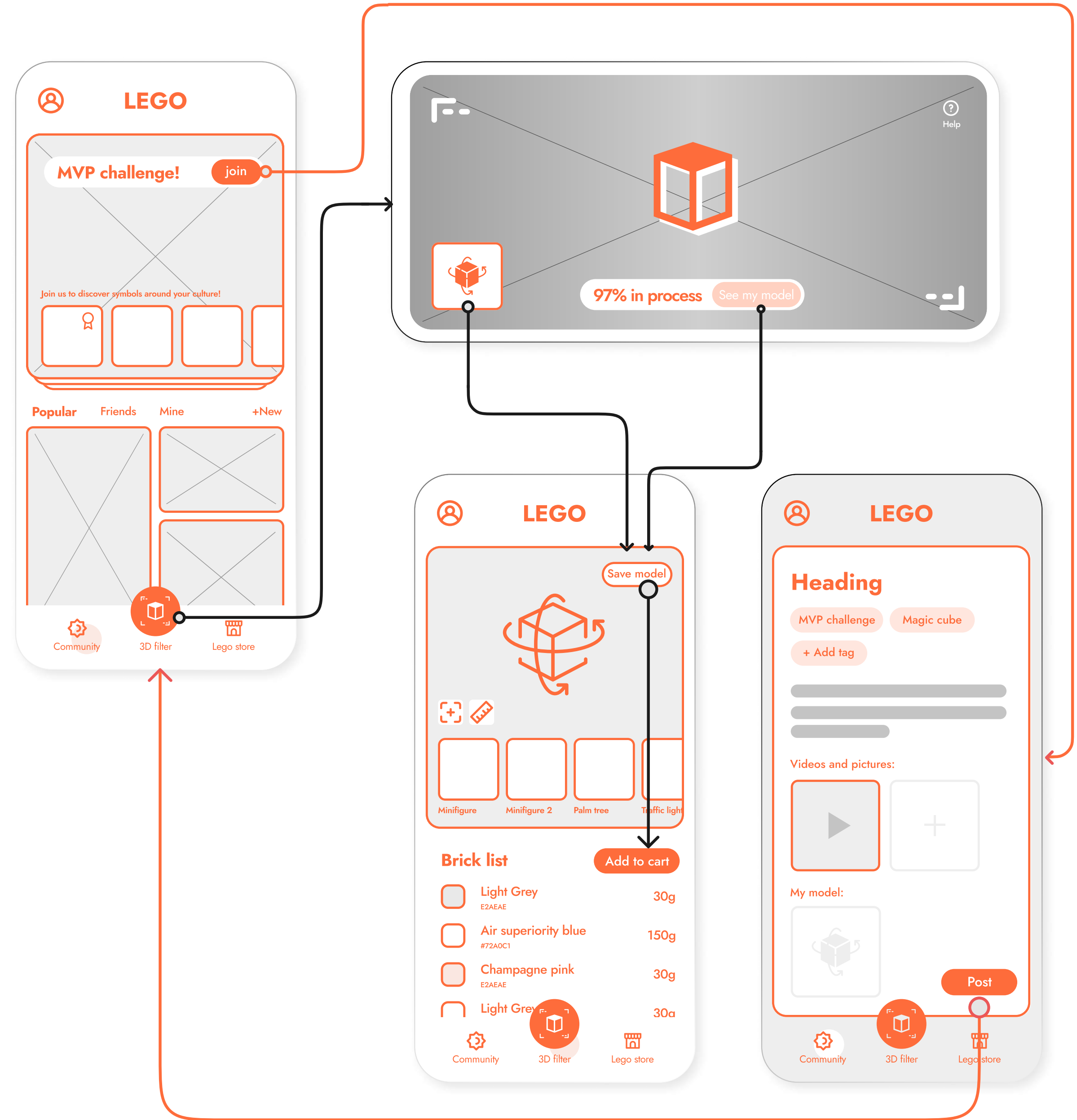
Wireframes

Flow 1

LEGOers can buy customized brick sets based on the scanned, culturally-resonating model.

Flow 2

LEGOers can participate in community activities/campaigns to post their pieces and to enhance cultural inclusiveness.



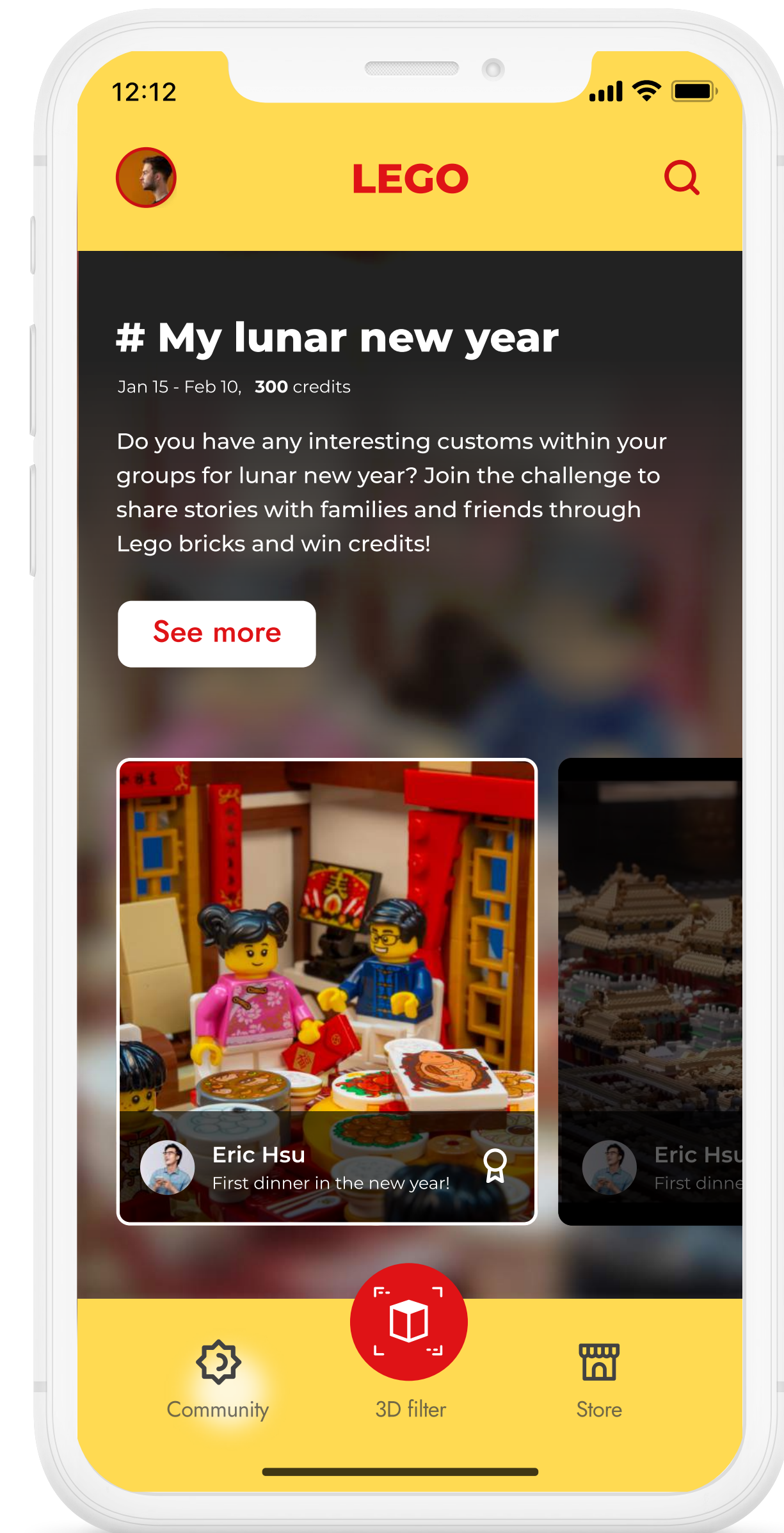
Prototype Walkthrough

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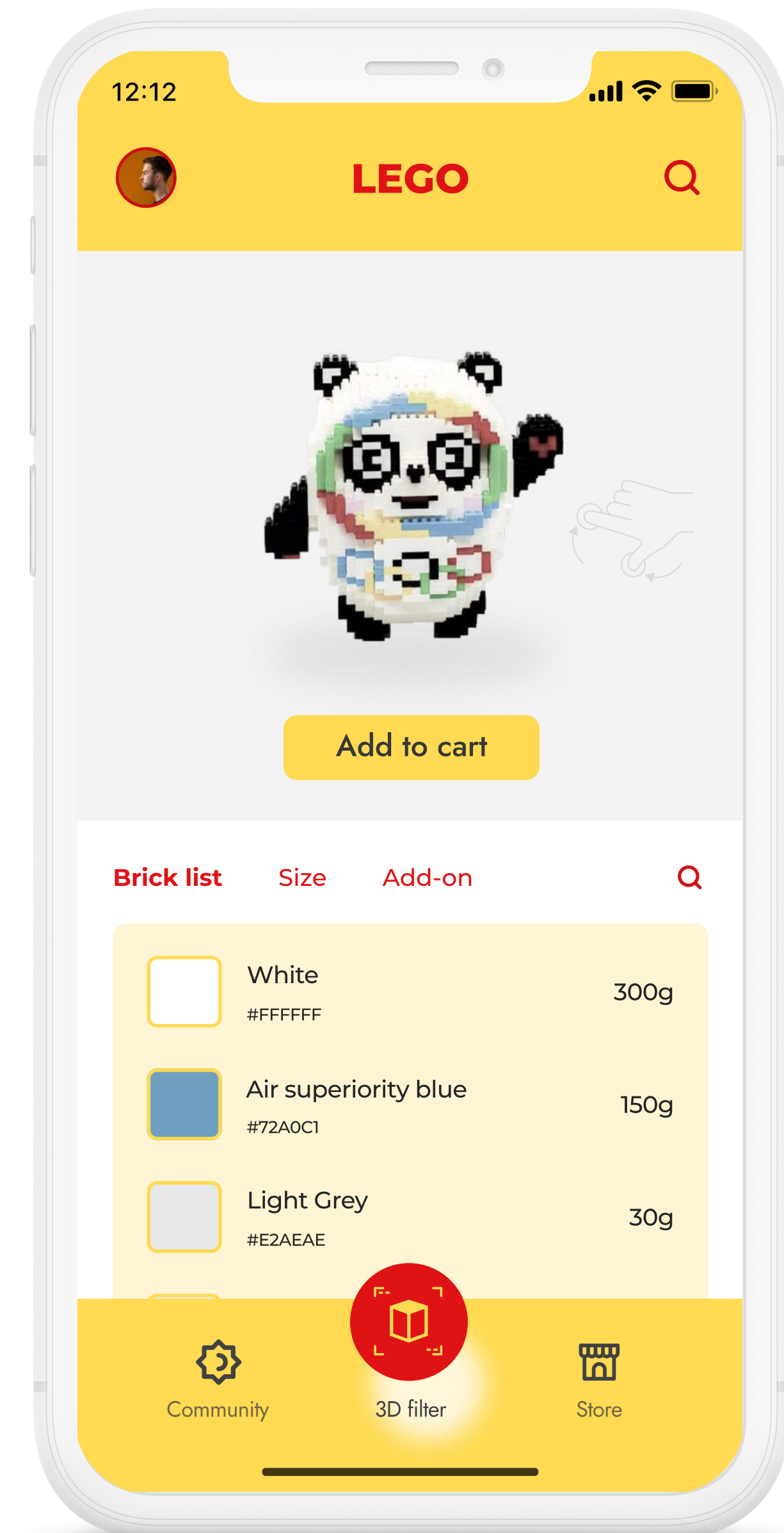
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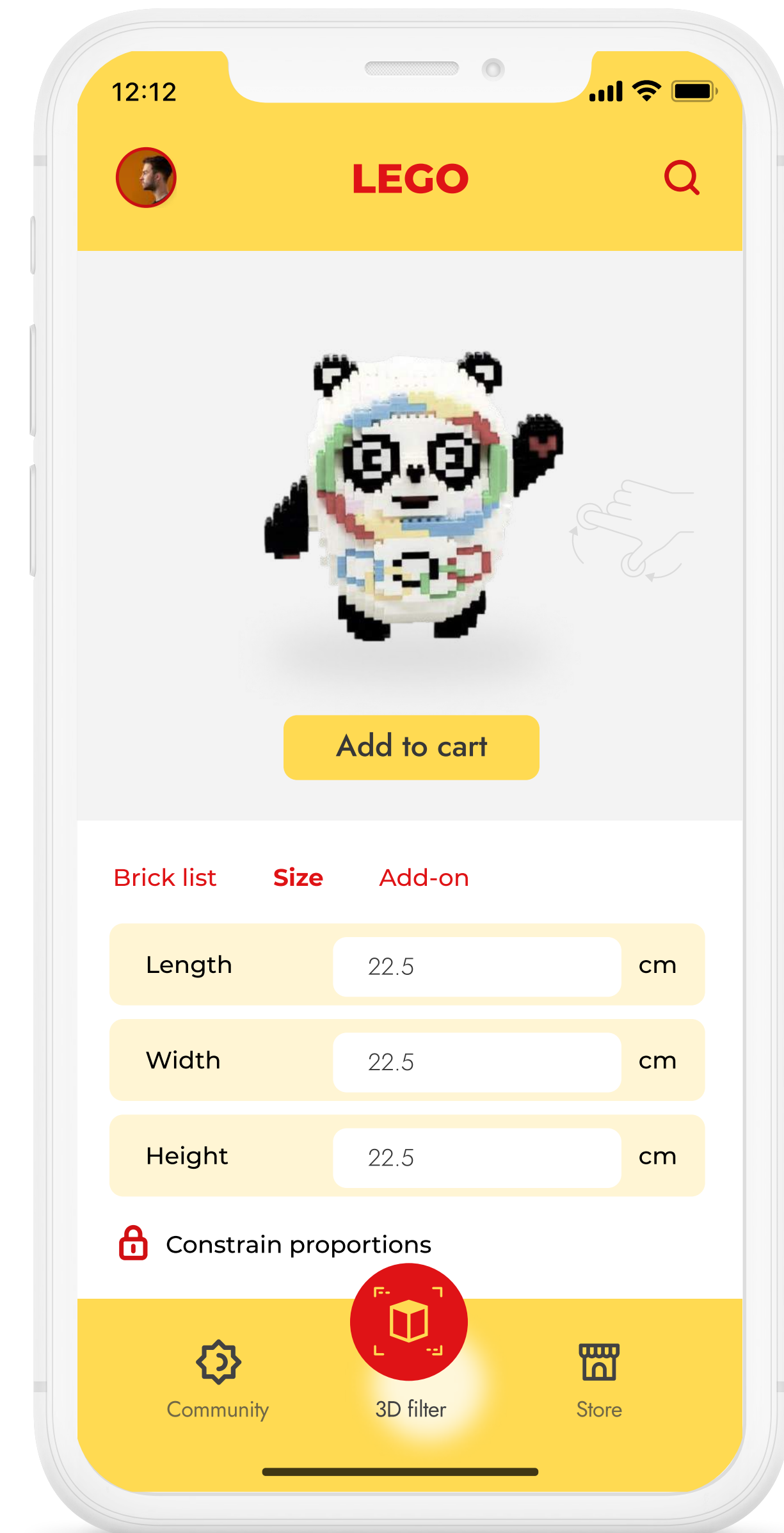
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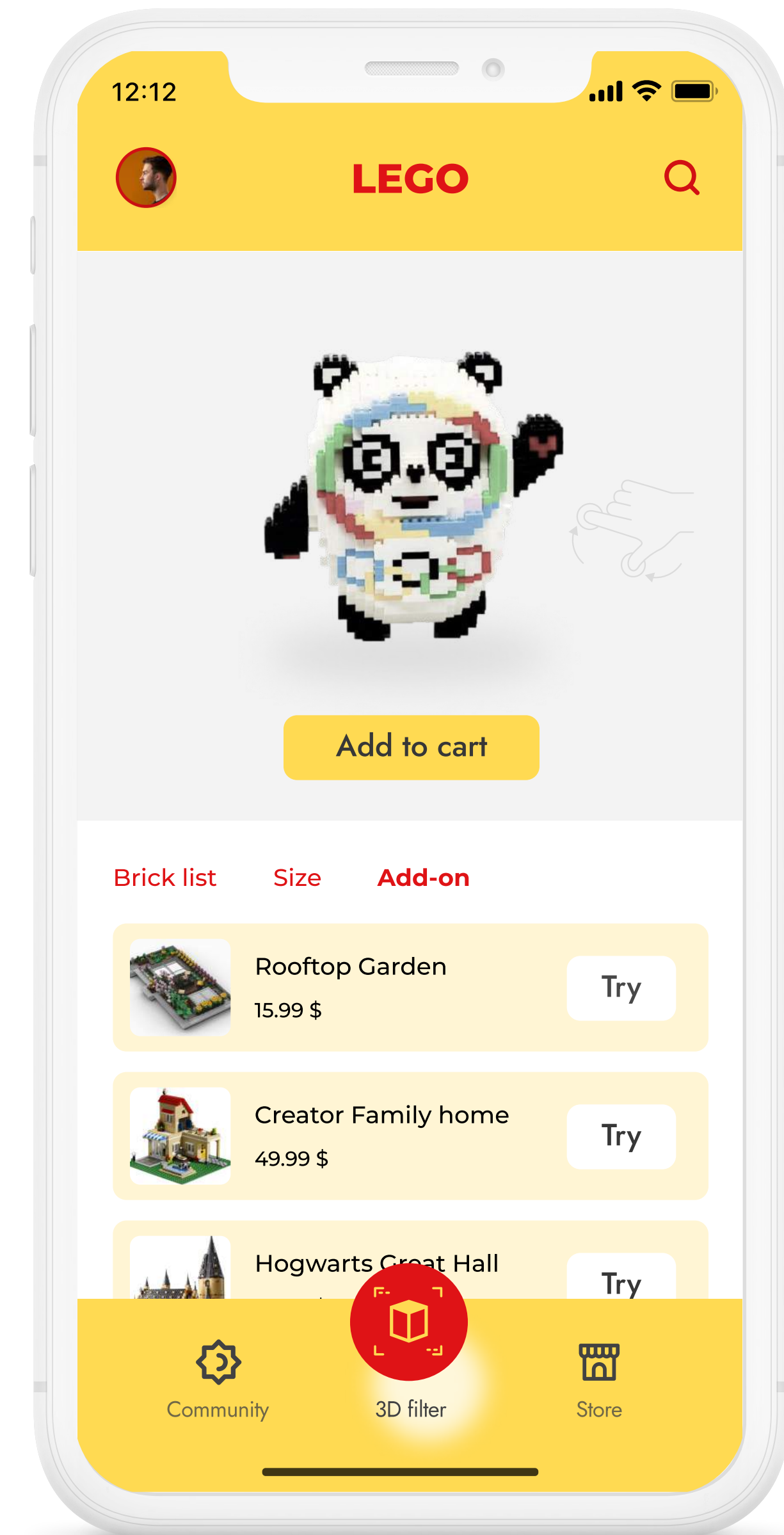
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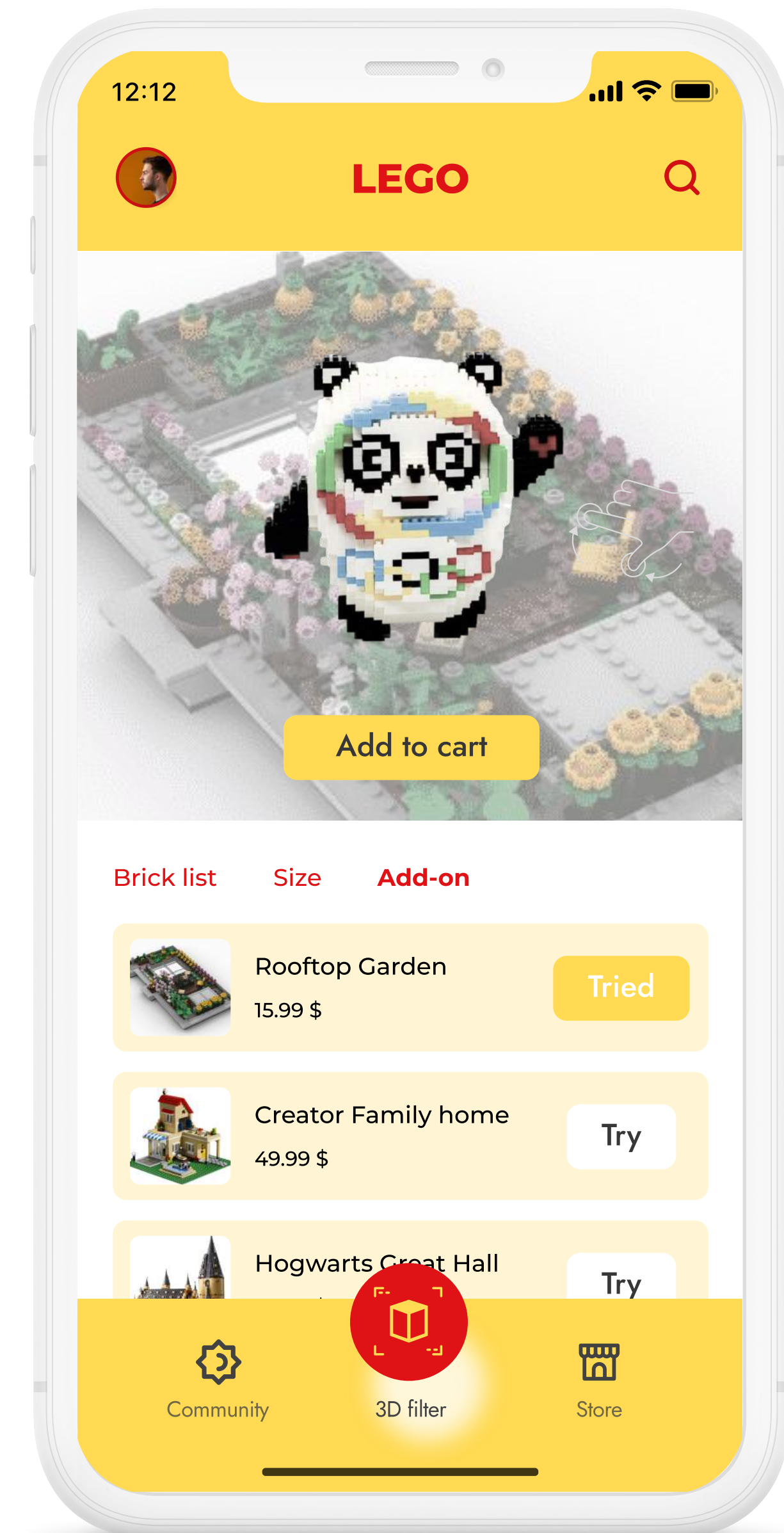
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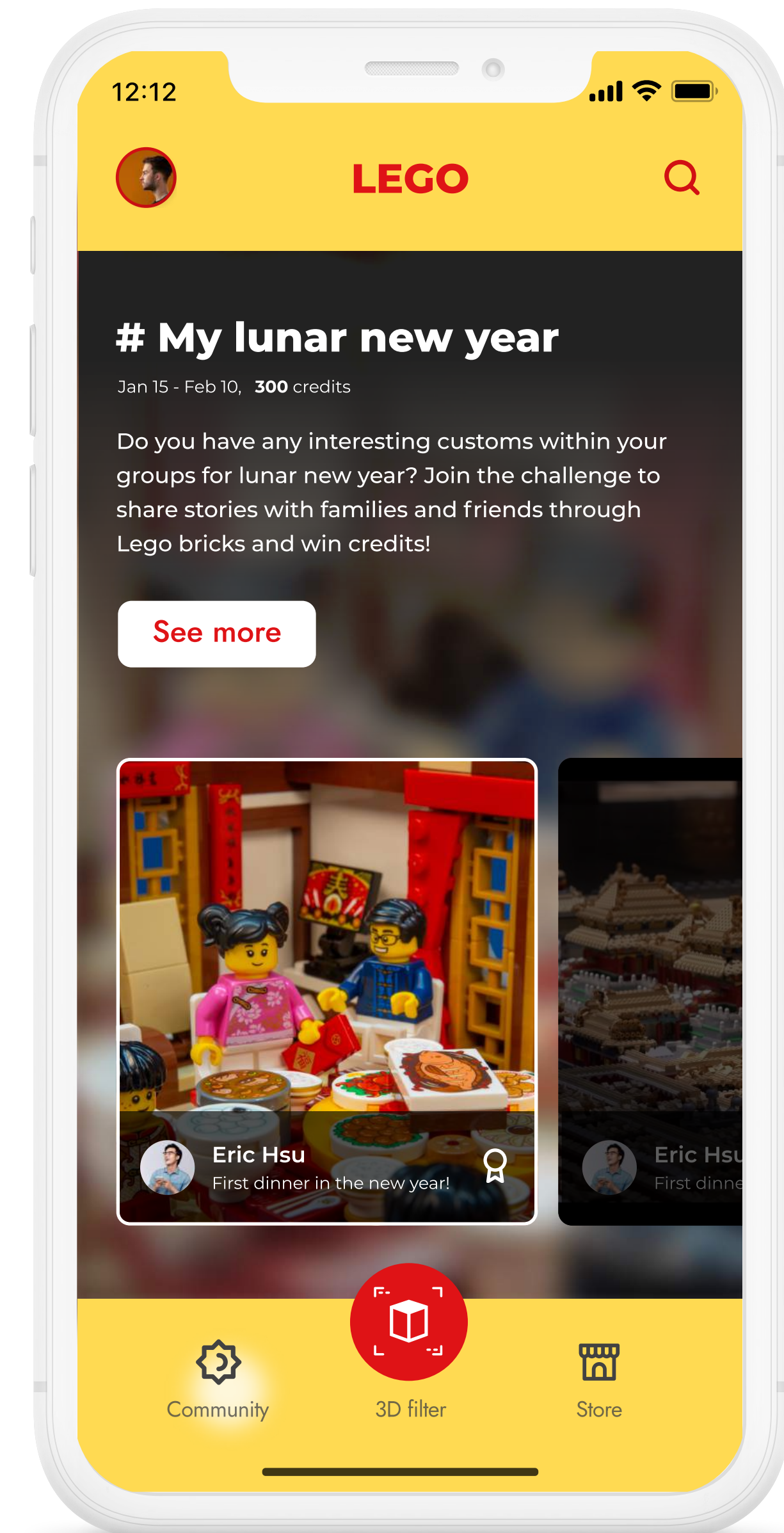
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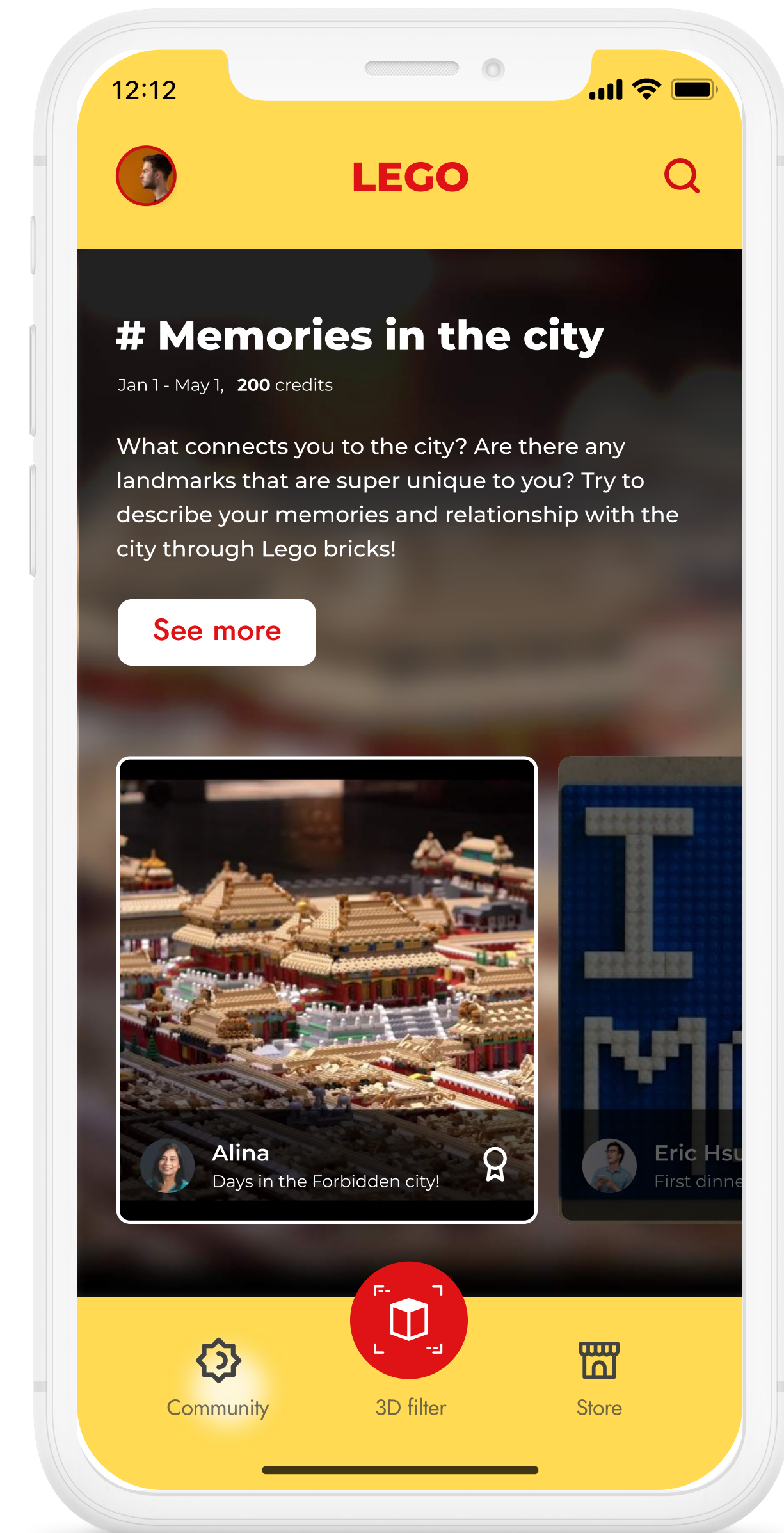
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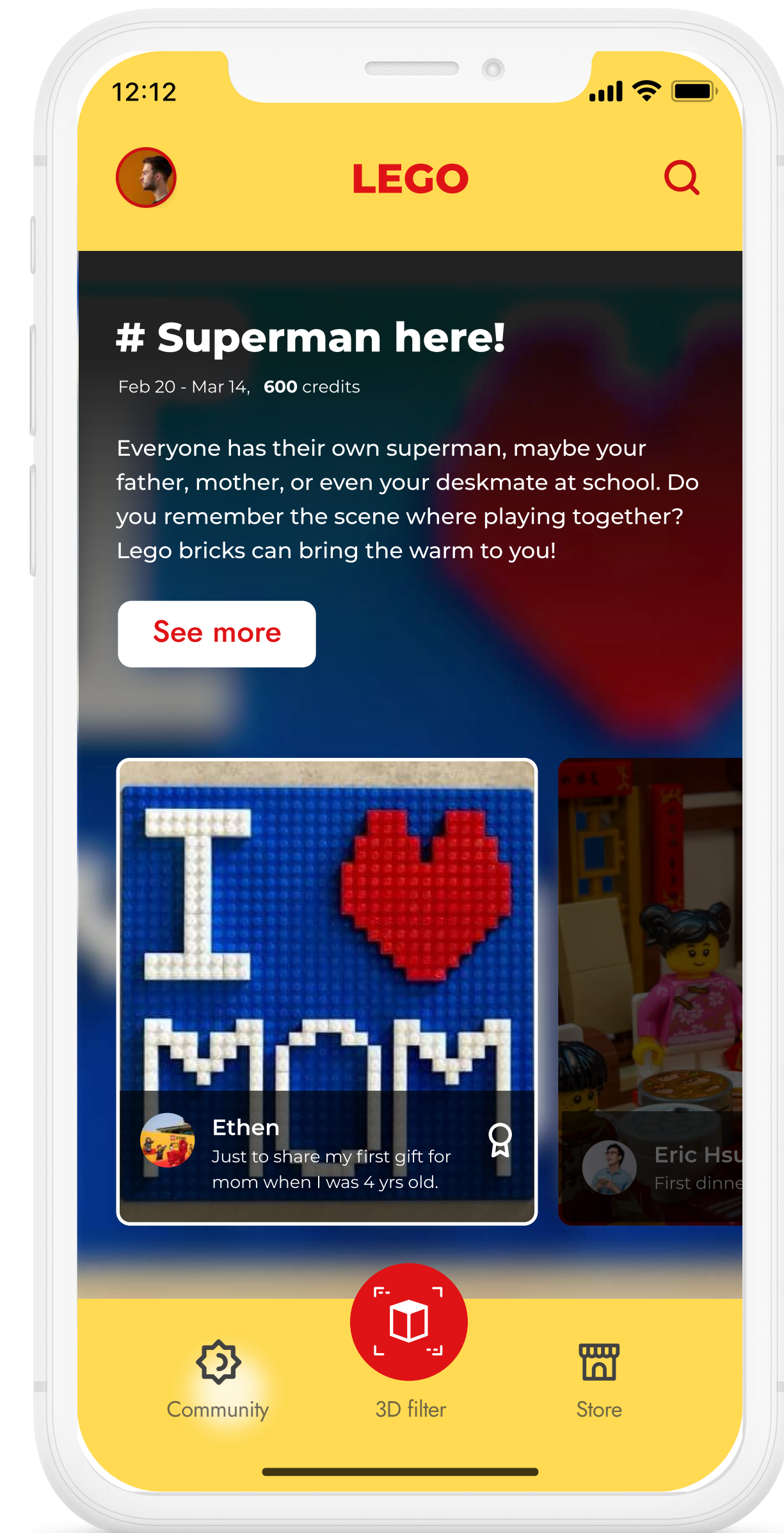
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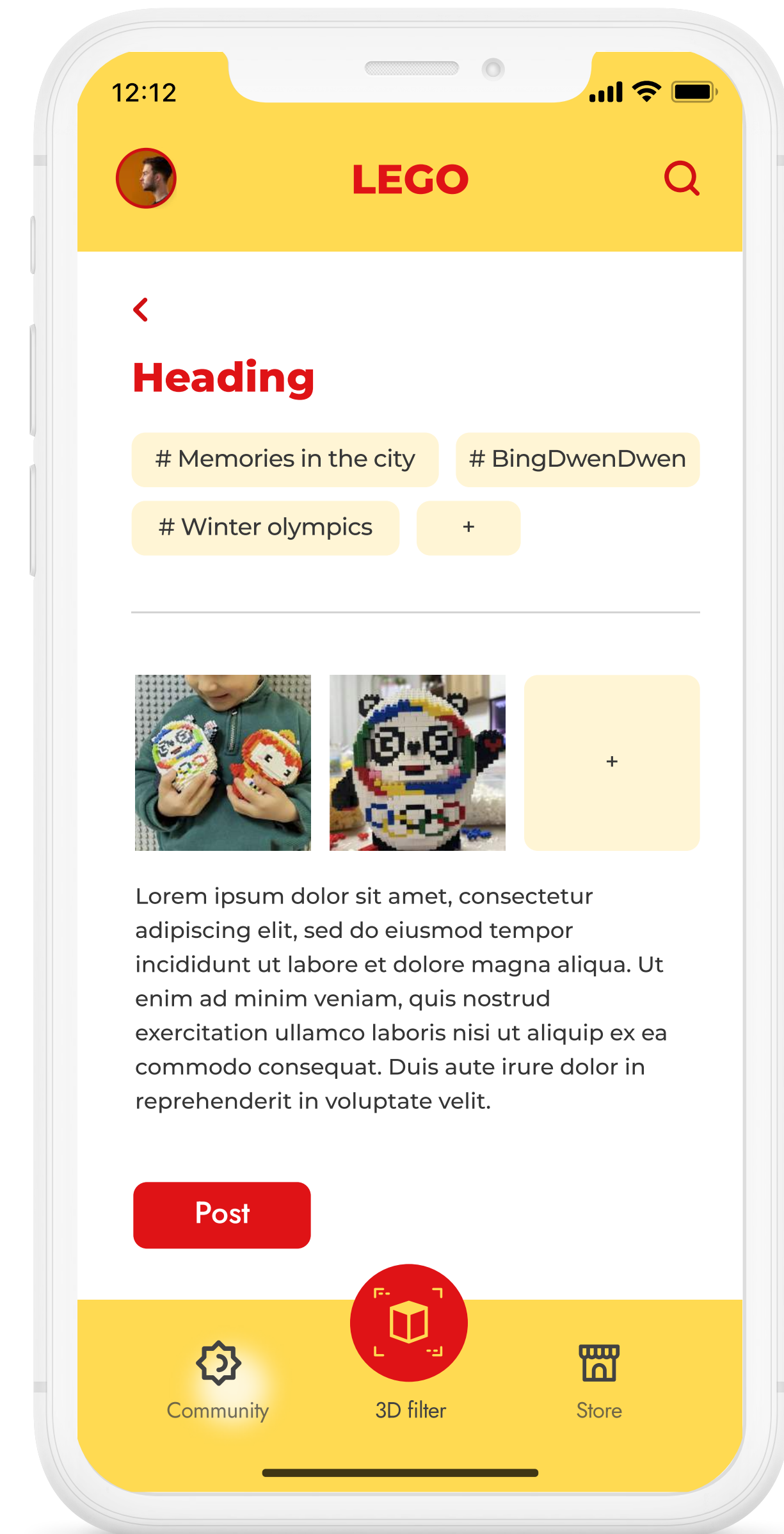
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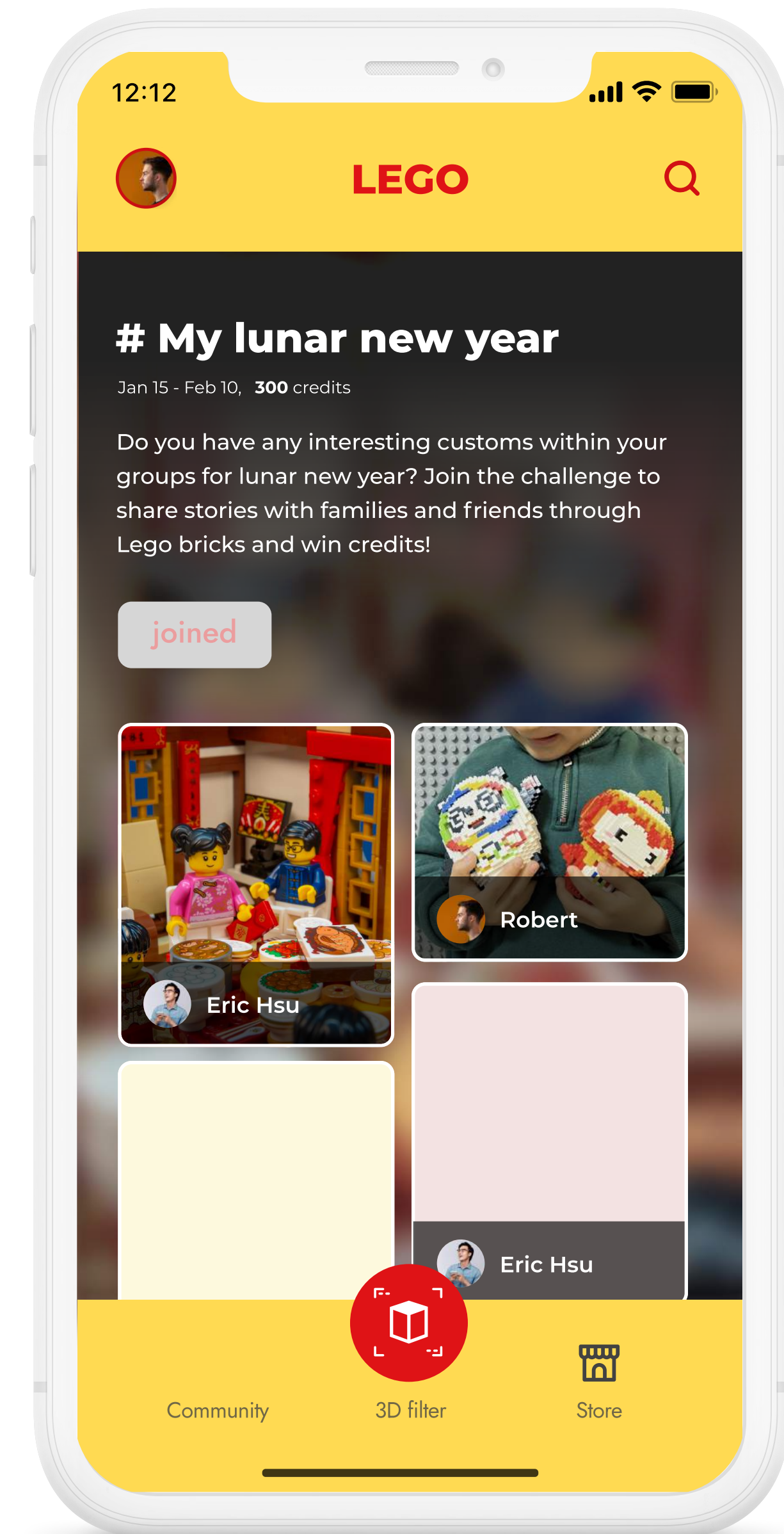
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Design Evaluation

User:

Ability: Highlight their huge passion for creative storytelling with LEGO bricks on Persona

Cultural context: The core of connection is cultural resonance, related to location, but geographic community is too limited. We can utilize communities to trigger global communication based on culture specific topics.

Intention(Motivation): The platform needs to encourage users to make friends sharing common interests.

Task:

Digital representation: UI problems, layout improvement for current limited customization space.

User interruption: When users are taking pics or scanning the models, it's annoying and frustrating if they are interrupted. (We need to give support and guidance when they are in this task)

Technical feasibility: Usually what users expect is just to import pictures from their album, and then get the generated model, not holding their phones and scanning, waiting for a real-time generation.

Thank you.

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