

# Research on Lego Multi-channel Development: Success and Improvement

Yushan Cong<sup>1, †</sup> Chuanze Liu<sup>2, †</sup> Jinjin Qian<sup>3, \*, †</sup>

<sup>1</sup> *Beijing Bayi School International Department, 100080, Beijing, China*

<sup>2</sup> *Bellerbys College Brighton Brighton, BN1 4LF The UK*

<sup>3</sup> *University International College, Macau University of Science and Technology, 999078, Macau, China*

*\*Corresponding author. Email: 1809853ju011006@student.must.edu.mo*

*† These authors contributed equally*

## ABSTRACT

Nowadays, many people think that our world is surrounded by entertainment step by step, especially for children. When customers go to the supermarket, Lego is one of the most popular toys. Therefore, detailed research was conducted about Lego's business model analysis. As a large toy company controlling nearly 80% of the market share of building toys in 1992, Lego has achieved increasing the sales of toys through the brand alliance strategy with many popular companies. Lego has used this strategy in movies, including The Lego Batman movie. These films achieve the goal of a joint strategy from each of the three strategies, but in fact, some problems may lead to results. Throughout its history, Lego has gone through many twists and turns. One of the most influential was negative cash flow in 2003, but the new CEO saved the day. Legoland now has a variety of branches that can cater to children's diverse interests. However, with the continuous development of electronic product technology, some entertainment methods are demonstrated by video games. Lego has won the classic sense of crisis, and the Lego series of video games with Lego bricks as the protagonist. Lego continues to update video games to attract new consumers and stimulate consumer interest in the product. Lego video games have promoted the sales of Lego products. Moreover, Lego followed the business development blindly, which is a fatal drawback. Finally, Lego had one foot in bankruptcy due to the over-spending and less revenue.

*Keywords: Legoland, Lego movie, Lego games, Brand alliance strategy*

## 1. INTRODUCTION

Lego was founded in 1932 in Denmark, which is 89 years old and all the way back to its golden name, Lego. The name "Lego" has been in use since 1932. It comes from the Danish word "LEg GOdt", meaning "play well", and the name quickly became synonymous with the quality toys produced by Lego in its toy factory in Billund. Mr. Christensen began to apply his delicate woodwork and artistic sensibility to wooden toys. The name was registered as a trademark in 1954. In 1942, a fire nearly destroyed the Lego factory. Mr. Christensen was all but ready to give up his career. A strong sense of responsibility for his children and employees helped him to stand strong. With the help of his family and employees, the Lego factory was miraculously rebuilt from the rubble. Lego has been a family business since the late 1940s. In 1953 the company began working with a plastics factory in Norway, which rented molds

from Bulon to produce and sell Lego toys in Norway. In October 2019, Lego ranked 75 on Interbrand's list of the top 100 global brands. And on July 28, 2020, Lego ranked 92nd in Forbes' 2020 Top 100 Global Brand Value list.

Lego has had an overwhelming share of the global toy market in recent years. Compared to the rest of the industry, Lego is doing well. But Lego itself seems to have been stuck in a rut for a few years, which means they need to find new ways to break the logjam. So, this article mentions three major possibilities of reaching out that are important for Lego, including Lego games, Lego movies, and Legoland.

In recent years, Lego has explored the three fields of film, video games, and Legoland. Some of them have achieved good results, and some still need improvement.

Bovill participated in higher education development seminars. One morning, 15 minutes from the park gate open park, there are a lot of children running around, 10 minutes later, a princess-like staff appeared on the other side of the door, at this moment can feel the children are very excited. Most importantly, children can use their imagination and creativity to build whatever they want to build. Most of them found such creative experiences are interesting [1]. In thousands of united securities, Chen illustrates the Legoland useful Lego blocks in every zone of the country or the well-known region figures and cultural atmosphere. However, there is currently no amusement park opened in China. One of the reasons is that China's major theme park interval is very far away, of course, also means avoiding the direct competition between each other. In the United States, however, the proximity of various theme parks to each other enables them to complement each other and make up for the singleness and weakness of each brand [2]. There is a micro-driving course in the western United States, where children can get a "driving license" from LEGO park. In some places around the park, there are some indoor areas. If the weather is bad or tourists are tired of organized activities, they can use Lego blocks and technology. Majaard, the president of this group's strategy said, "We make small parks for young children and their families. We don't want teenagers. No drinking and dancing. We'll close at 8 p.m." Therefore, Legoland Park seems to be suitable for studying how adults and children perceive this attraction [3]. In the survey of 38 theme parks in the United States and Australia, Pearce and Moscardo found that the current research practice on theme parks lacks conceptual focus, rigorous methods, and complex analysis. Johns and Gyimothy used Grounded Theory to investigate customer perception and satisfaction. They found that the park well meets the needs of children, but leaves adults with a feeling of "looking after children". For adults, the driving factors include prestige, degradation, family relations, and a less fresh sense; For children, the main driving factor is social interaction [4].

Lego video games have also attracted the interest of many researchers. Do and Lee conducted research referring to the ability to identify, manipulate and transform 3D objects by putting the example of a desktop marker-based AR system called 3DAR-LEGO. A user study has been carried out through an HCI class and the Kid & Edu exhibition in Korea to evaluate the system and to compare it with the real Lego game. This 3D game is considered to cultivate human spatial ability and human creation in 3D reconstruction because of its usefulness and attractiveness [5]. Wooten et al. aim at examining how the cross-promotional Lego video game series functions as the site for a complex relationship between a major toy manufacturer and several media conglomerates simultaneously to create this series of licensed texts. They seek to determine how audiences

construct meaning from the Lego adaptations by using media studies concepts such as transmedia storytelling and paratexts. Finally, they emphasize the significance of Lego video games lies in their accessibility to a mass audience, ability to function as an independent franchise of releases, and as recruitment tools for licensing franchises, Lego and non-gamers [6]. Reynolds said that Lego video games have several reasons for children to play. Reynolds gives three brief advantages of the Lego video game: Lego video games' popular culture tie-ins are beneficial for children's literacy and motor skills, games are easy and enjoyable, and it has continued innovation. Reynolds emphasizes the benefits of children playing Lego video games [7]. Judge tells how Lego helped its company turn losses into profits by developing Lego video games. Analyze the secrets of the success of Lego video games by telling the specific measures of Lego in the video game in the setting of the game plot, the design of the game characters, and the detailed processing of the game sound effects. Lego's adaptability and company's willingness to work with other mega-brands has been a crucial element to its survival. Video games are one way the brand is kept relevant, leading a new generation compared with a single brick [8].

Lego movies have achieved greater success to a certain extent. Niu studies the brand alliance strategy adopted by Lego as a major global toy company and gives an in-depth analysis of their adoption. The strategy of uniting with famous cultural brands such as Star Wars and Batman. Niu used the method of a comparative study of Mattel, Hasbro, and other toy companies to carry out the research and SWOT analysis, and found the problems of Lego's competition strategy based on the brand alliance, including the weak cultural influence of its own brand, which is difficult to bring lasting brand impact. First, Lego should further extend and expand the brand value of Lego. Second, Lego should expand the potential customer base of Lego toys in emerging markets such as China; Third, fitting the increasingly diverse needs of users and changing consumer behaviors and habits [9]. Shen studied the turnaround experience of the Lego Group and the results of the new development of intelligence and digitalization from the perspective of Niels B. Christiansen, CEO of The Lego Group. Based on the annual financial report of the Lego Group, Shen concluded that Lego should continue to increase investment in innovative products. And connecting with consumers in new ways, combining digital and physical channels, and expanding into emerging markets to increase revenue and brand clout [10]. Martin explores the critical reception of The Lego Batman Movie in the context of Batman's long history of multimedia storytelling, anchored to divergent parallel narratives across numerous platforms, and the ways the film appeals to nostalgia through Metatextuality. Martin

discussed the questions of animation's apparent suitability for particular kinds of child-centric narratives regarded by critics as a vital part of American popular culture. Martin also talks about why the film has been so well received by critics, both in terms of the character (Batman) and the content [11]. Varul studied the Lego movie from myth and drama (including many sociological concepts), and explained consumers, producers, and Lego. Matthias Zick Varul finally concluded that The Lego Movie is a consumer-capitalist myth reworking audience expectations and frustrations under contemporary capitalism into a comforting and consumable story. For its audiences, it provides a therapeutic narrative that facilitates the interpretation of their experience of continuously contradictory role expectations as meaningful [12].

The purpose of the study is to explore the methods of Lego development through multiple channels other than toys. Exploring the infinite possibilities of Lego development through Legoland, Lego video games, and Lego movies.

## **2. MOVIE**

### **2.1. Business model: brand alliance strategy**

Lego, which controls nearly 80 percent of the building toy market in 1992, has 45 branches across six continents and nearly 9,000 employees. Since 2014, it has launched Lego movies, including 20 Lego movies and Batman movies. The popularity of brand alliance strategy is closely related to the fierce competition in today's market and the continuous innovation of business philosophy and method. In the face of a more complex business environment, especially more high-level, strong competitors and more picky customers, no enterprise can have a comprehensive competitive advantage for a long time. In this situation, both sides use each other's brand advantages to improve their brand awareness and influence, to achieve the purpose of expanding sales, increasing market share, saving cost, and shortening the time to enter the market. Lego has obtained a large number of film and television, animation, game company brand authorization, including Disney (as well as Marvel, Lucas) Disney Princess, Toy Story, Cars, Spider-Man, Superhero, Pirates of the Caribbean, The Lone Ranger, etc. Warner Bros. (and DC Comics, Cartoon Network) Batman, the Batman movies, Universal's Jurassic World, etc. It has a high personality and brand influence, so it can use its own influence to help Lego do a good job in the joint promotion of products.

Among them, the Lego Group and Warner Bros. animation and Warner Brothers interactive entertainment through cooperation, around the superhero (locates Batman movie), Lego film, Lego ninjas, narwhal, a cat and Lego Scooby-Doo theme,

launched many theme-toys suits and formed a complete set of movies, TV sets, video games, and other products, formed the good linkage effect, which led to a huge increase in toy sales.

### **2.2 Box office**

In 2014, Warner Bros. and the Lego Group jointly produced the Lego Movie, which is set in a Lego universe. All the characters and buildings are made of Lego toys, so it is somewhat more manageable and cheaper than the average movie. At the same time as the film's release, Lego Group also created the Lego Movie Video Game, which adopts the plot of the film and adopts the action game.

The Lego Movie cost \$60 million to make and has grossed \$469 million at the global box office (so far), with 55.1 percent of sales coming from domestic and 45.9 percent from international. In September 2014, the Lego Group reported a \$2.03 billion profit for the first half of the year, largely on the back of "The Lego Movie," which boosted sales of its toys.

Released in 2017 on a budget of \$80 million, the Lego Batman Movie has grossed \$311 million worldwide (so far), with 56.3% of sales coming from domestic and 43.7% from international.

Also released in 2017 was the Co-production Lego Ninjago Ninja Movie, which grossed \$123 million worldwide, 48.2% of which came from domestic and 51.8% from international.

In 2019, The Lego Group and Warner Bros. followed The Lego Movie with The Lego Movie 2: The Second Part, which took in \$192 million worldwide from a budget of \$99 million [9].

### **2.3 Analysis of Lego movie strategy**

These four films are the results of co-branding with other brands among all the films launched by Lego. Compared with the previous films shot and released by Lego itself, these four films are undoubtedly successful and conducive to the purpose of Lego's brand alliance strategy. Under the guidance of differentiated competitive strategy, Lego Group has adopted the following brand strategies: (1) implementing the brand alliance strategy to promote the sales of building block products with popular IP; (2) entering the field of entertainment content, carrying out story marketing and combining heroism with products; (3) Establish a close relationship with consumers through various channels. Lego has formed a huge brand matrix covering three series of self-owned brands, licensed products, and integrated brands for the two product categories of toy products (classic ideas, themes, licensed IP, advanced products, education series, etc.) and cultural products (movies, TV series, video games).

However, there are some problems with the Lego movie's brand alliance strategy. First, the cultural influence of private brands is weak. Although Lego Group has a high overall brand influence and was rated by Brandirectory as the world's most leading toy brand in 2017 (brand value: 7.597 billion US dollars), its brand value is mainly deposited in toy products and its cultural influence is weak. Nowadays, toys and the entertainment industry are closely integrated. Toy enterprises such as Mattel and Hasbro have formed story themes through IP such as film, animation, and game, and more rely on story-based IP to occupy the market. The Lego Group's innovation series in recent years has not been as strong or effective as expected, even then. Whether in developed markets such as Europe and The United States or emerging markets, the current mainstream consumer groups, such as the post-90s and post-00s, have grown up in the cultural environment of digital entertainment and have a natural demand for films, cartoons, games, and derivative products. Therefore, Lego should pay attention to the development of its own brand's cultural influence. Second, the co-brand bias classic, and the new generation of estrangement. As an excellent global toy brand, Lego is very careful in the selection of partners. Its strategy of focusing on attracting children around the world leads to the lack of localization of its products. The authorized brands of Lego are basically European and American IP, and most of them are classic brands such as Star Wars, Harry Potter, Superhero, Spider-Man, Batman, Teenage Mutant Ninja Turtles, Scooby-Doo, Powerpuff Girls. There is a big gap between Lego and the post-00s generation.

### **3. GAME**

#### ***3.1 Background of Lego video game***

The predecessor of Lego video games was Lego Media, which was founded in 1997 by Lego. Until April 5, 2005, Lego released its first game in North America, named Lego Star Wars: The Video Game. This is a video game derived from the Lego Star Wars classic series. Although the game was originally positioned as a children's game, the Lego Planet series video games still achieved good results in the game rankings in various regions at that time. As of 2018, Lego Star Wars: The Video Game has sold more than 6.1 million copies [13].

Since entering the new century, Lego has continuously launched new video games every year for consumers or potential consumers to use. It is worth mentioning that the type of Lego video games is no longer single, but improved to be more diverse. Lego has adapted to the entertainment economic environment dominated by computer games and film and television programs and has launched many strong story-based toy products, including biochemical warriors, phantom

ninjas, good friends, qigong legends, fit elves, Elves, future knights, etc. In 2015, a new video game was launched. After this game was launched, Lego's market share in all regions has greatly increased, and its net income has also increased by 31% compared to last year [14].

#### ***3.2 Lego video game business method***

The "Lego Movie Video Game" created by the Lego Group's supporting movies uses action-based gameplay based on the movie plot. Players can place themselves in the movie scene through an immersive game experience, which complements the movie. The number of potential consumers is rapidly increasing through such channels. Therefore, the launch of Lego video games helped the film get a global box office of up to 469 million US dollars and promoted the sales of Lego toys to a certain extent.

By developing themed sets of building blocks and mini-figures, Lego opened two important consumer portals of "narrative" and "role-playing" to consumers and gradually transformed Lego from simple building blocks to accommodating all values, worldviews, and specific stories. The narrative medium of the characters forms the Lego play system. The worldview has become the fundamental core and development foundation of cultural and entertainment content. The large-scale multiplayer online game "Lego Universe" launched by Lego in 2010 gave birth to an all-encompassing worldview. Lego needs to make full use of the team base composed of more than 180 designers from 24 countries to strengthen the structure, development, and operation of the world view. In this regard, Marvel Universe and DC Universe respectively constructed by Marvel and DC Entertainment to incubate and operate IP based on the establishment of a complete world view.

Throughout the development process of Lego video games, it is not difficult to see that Lego is forward-looking and foresight in ways to expand the market. As early as the last century, when video games had just begun to develop, Lego was ready to create video games to a certain extent. The creation and research and development in the later period have also achieved a very high level. The design of game characters, the setting of plots, and the layout of scenes are constantly being improved, and more Lego video game users and potential consumers of Lego products have been harvested.

However, Lego video games are not perfect. In recent years, Lego has also faced the risk of losing users. The loss of users means that the scope of product promotion is reduced, and potential users are slowly decreasing. One way is to find a new IP. Because the classic Lego IP is already well known, users will no longer use it if they lose their freshness. Looking for

new IP that conforms to the current trend can stimulate potential consumers' interest and then continue to expand the potential market. For example, when Disney owns a classic IP such as Mickey, it continues to introduce new Disney characters such as OluMel. The purpose is to retain loyal consumers and attract more new consumers. This is also a feasible measure that Lego needs to improve in the field of video games.

#### **4. LEGOLAND**

In the 1940s, the outbreak of The Second World War did not affect Lego but brought big business to Ole. Due to the war, the Danish government banned the import of all foreign toys, and to ensure the supply of military supplies. Toy manufacturers were not allowed to use metal and rubber to produce toys, which undoubtedly provided a golden and rare opportunity for the rapid development of Lego wooden toys. Between the years 1940 and 1942, Lego doubled its production of toys. Although a fierce fire in 1942 made the company burning for a long time, soon the firm was in ruins, Ole quickly rebuilt the company miraculously with the assists of his employees. In the year of 1955, Lego confirmed the slogan of "Play and Learn". In the 1990s, the Lego Group was faced with internal and external difficulties due to the competition in the industry and the impact of external fields. With the expiry of patents on Lego's core business, competition is fierce as other manufacturers rush in to grab the group's share of the market. However, with the rise of computer games in the 1990s, the concentration of children who were the main target customers, shifted from Lego to video games, which greatly impacted the sales market of Lego. Under both internal and external difficulties, Lego Group is eager to find a way out, and blindly expanded its business and innovated. By 1999, there were over 600 Lego series, amounting to more than 2,000 different kinds of Lego blocks. Its products include all kinds of themes suitable for children, such as dollhouses and robots. Unfortunately, the year of 2003 was the most disappointing point for Lego: sales of the group's products were down about 30% compared with the previous year, Lego had lost its lead in all its core markets, got a negative \$160 million cash flow and the debt even reached about \$800 million. In the early year of 2004, an internal survey that focused on the company's entire catalog showed that 94 percent of Lego sets were not able to earn any profits. The movie Star Wars and the game Bionicle series were the only two that can make money. Lego suffered the biggest losses of any toy manufacturers and became the least profitable brand in the industry. "For Lego or any company like this, we can get into an innovative periphery every five years. But unluckily, Lego has been getting five peripheries over a year for the last several years." The new CEO Destorp once described it.

In a few short years, it has spread to Lego education, Lego Theme parks, and other areas.

Legoland is a branch of the Lego brand, and its core value is to build. Legoland's main customers are families and children, especially children under 11 years old. At California Legoland, which was built from over 60 million blocks, children can wander through "Miniland USA," and enjoy the visual treats such as a scaled-down Washington DC, and even the scenes of Star Wars, as well as going behind the scenes to watch the studios and models of Lego movies. Legoland also provides parents and children a lot of projects for fun. Legoland has more than 60 facilities and attractions for playing, including three varieties of roller coasters.

Legoland also has a hotel that was constructed with about 3,000,000 blocks. The lobby of the hotel has a play area where children can play while their parents are handling the procedure of check-in. All the building blocks are glued stoutly together, so parents do not need to worry about children breaking them unintentionally. There are also many theme rooms for children to select, such as Pirate, King, Adventure, and so forth. These themes all adopt unique elements of Lego, which can reflect the strong brand characteristics of Lego.

Legoland also has a Marine Aquarium where children can experience the beauty of sea life. There is a sink for touching marine creatures and glass tanks for viewing in the aquarium. If the teacher is now taking the child to an out-of-school biology class, this aquarium is definitely a good choice for them. It can help our children get to know many kinds of sea creatures with no distance, such as sharks, seahorses, octopuses, and so on.

#### **5. CONCLUSION**

To put it all in a nutshell, it indicates that Lego is now more popular than ever all over the world and has become an indispensable part of people's lives with many aspects of its business function despite its initial difficulties. Children also begin to be fascinated by this creative toy, as well as it is novel and unique features, and Lego will be greeted with the dawn of its success. Put another way, shortly. It should be concluded that new areas will be created for Lego to improve its business value and meet the different entertainment demands of more customers.

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