

EXECUTIVE SUMMARY



Objective

Think outside-the-box to engage more teens with the LEGO brand while generating profit, maintaining company values, and inspiring teens to become the builders of tomorrow.

Solution

Launch **bryck**®, a targeted teen product line of smart room decor to inspire a personalized and dynamic bedroom by making cutting-edge IoT accessible. This will help them feel a sense of control over their own space while also getting them excited about technology.

Outcome

LEGO will help teens

customize their personal
environments while staying
engaged with the brand. LEGO
will also be able to utilize the
growing \$82.4 billion¹ IoT
market and the \$44 billion² in
teen discretionary spending.

^{1 -} Quince Market Insights

^{2 -} FONA international Report

MEET MARY 16 YEARS OLD

Child

Middle School

Teen



Mary loved to play with LEGO Friends. She would build cities filled with houses and cars, bringing her imagination to life . . . When she turned 12, she phased out of playing with LEGO because she preferred spending her free time watching Netflix and studying.

Now, especially during quarantine, she's spending an excessive amount of time in her room, which is getting claustrophobic and boring.



My room is my safe space where I can express myself and be comfortable, but it's getting old - I want to add more flair and personality.

THE PROBLEM

It's customers like Mary who show that Lego has the **right values** to target teens, but the **wrong products** to capture their interest.



Loss of interest

63%¹ of our teen survey participants reported losing interest as their reason for disengagement with LEGO. LEGO is still viewed as a childish brand that does not connect to the priorities of the teen market, which are related to self-expression, inspiration, and social issues.² LEGO is not "popular" or "trendy" amongst teens because it is seen as a brand they've outgrown.



Loss of time

32%³ of our teen survey participants reported a lack of time as their reason for disengagement with LEGO. The root of this problem is about a new balance of priorities - "play time" is no longer deemed important because college, social lives, and entertainment prevail.



Why toys become "childish"

Research⁴ shows that toys become less appealing to people as they exit their childhood because teens develop more complex logical thinking skills. Teens want their rooms to be expressive and creative but are also highly influenced by peers. The "childish" stigma around toys means that LEGO must provide more than a product. It needs to provide an experience.

^{1,3 -} Survey of 62 teens from the tristate area.

^{2 -} NonProfit Pro, Mekko Graphics

^{4 -} SYFY

Introducing: bryck®

A teen-targeted smart home product line including: smart lights, IoT fidget bricks, and more (as we are constantly innovating)



Innovative

When marketing to teens, LEGO must rebrand their image by redesigning their products. A smart room product line will bring cutting-edge innovation into teen bedrooms by giving them the ability to upgrade LEGO "toys" into a more tech-integrated masterpiece.



Creative

Creativity will be the most valuable asset in the 21st century, and research shows that a person's environment influences their creativity. Bryck will move on from bricks that are merely "toys" that teens have phased out of into a more high-tech and aesthetically designed product that's more "functional art." LEGO is gifting them with the opportunity to re-imagine their bedroom.



Collaborative

LEGO needs to partner with companies who have **more experience in the teen market**. LEGO should partner with retailers such as Muji, Pottery Barn Teen, and IKEA to collaborate on product design and gain insights on teen marketing strategies.



THE OPPORTUNITY

LEGO will be the **only** teen-targeted smart home brand on the market.



Teen Demand

TikTok has inspired a bedroom revolution: **LED strip lights, neon signs, and aesthetic room decor has flooded teen bedrooms.** And there are **1.2 billion** adolescents in the world with a spending power of **\$44 billion**¹. In addition, teens have stronger attachment to their room through personalization² - 93% of teens stressed the importance of personalizing their room. ³



Growth Opportunity

The IoT market is booming with a 2018 worth of **\$212.1** billion and a projected **\$1319.08** billion worth by 2026.⁴ Further, the smart home industry is growing rapidly, with a 2019 valuation of **\$64.6** billion and a projected **\$246.42** billion by 2025.⁵ There will be growing long-term demand for a smart home product line, especially one that is designed specifically around teens due to its more niche market.

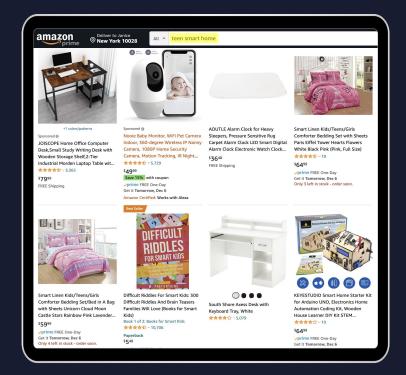


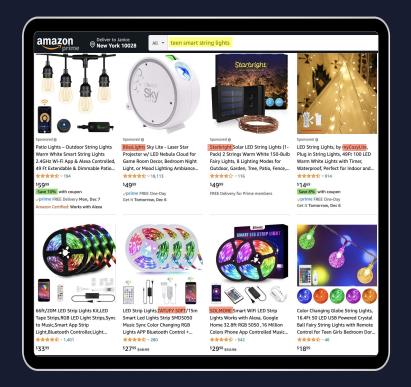
Novelty

With the introduction of Bryck, LEGO will adapt to the rapidly advancing tech and teen markets. By introducing IoT into LEGO, we can further integrate the values of innovation into the LEGO brand.



Current State of the Market





LEGO is an expert at bringing imagination to life. **bryck® loT room decor will provide** teens with a canvas to express themselves and be inspired through their bedrooms - prioritizing fun, creativity, and quality.



Product Line

What is **bryck®?**

01 Smart Lights

- a. Utilize branding power to build trust with bryck® smart lights.
- b. Upgrade with new features such as:
 - i. Sensor integration (ie. clap activation, motion sensing, etc.)
 - Music connectivity (color changes to beat of the surrounding music)

03 bryck® Mobile App

- Control connectivity between lights and personalize colors, flicker patterns, timers, etc.
- Interactive way to engage teens through connecting physical and digital worlds.

02 IoT-Enabled Fidget Bricks

- A building "sandbox" filled with chromium-coated LEGO bricks to build wireless circuits with LED bricks, motors, and sensors.
- b. Easy to reach for and accessible but not too time-consuming.

104 Future Innovations

- The teen market is fast-paced, which will keep bryck® on its toes.
 Innovation is a constant, so as IoT technology gets cheaper, new products will be rolled out periodically such as:
 - Smart mirrors
 - Smart indoor gardening
 - Smart art installations

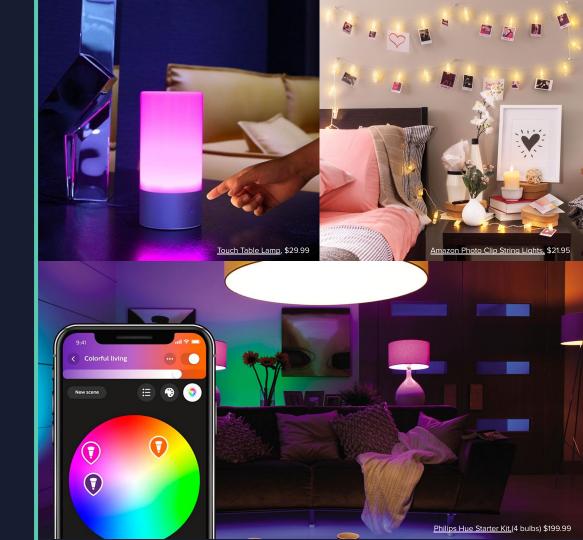
Read more here.

O1SMART LIGHTS

Bryck's smart lights line will include **colorful touch lamps**, **string lights**, **and LED strip lights** that can be **controlled and connected by the mobile app**. The LEGO logo will be engraved onto the products, making the brand association known but not blaring. Note: these products won't be made from bricks to maintain durability.

Lights will give teens the opportunity to reimagine their room, approaching **LEGO's values of building from a fresh perspective**. Additionally, the **dynamic nature** of the lights allows for **sustained engagement,** as teens will constantly reflect their mood on the lights to create a personalized atmosphere in their room.

A current trend on social media, smart lights are an accessible and fun way to customize a teen room. <u>Google Trends</u> shows that queries such as "room lights," "led lights," and "smart bedroom" have increased dramatically over the last few years.



02FIDGET BRICKS

Fidget bricks will be another product available in this teen line. These are magnetic bricks that can be used as a fidget toy to get LEGO bricks back into the hands of teens.

The satisfaction of this product will attract teens - as shown by a popular magnets ASMR <u>YouTube video</u> with over **79 million** views.

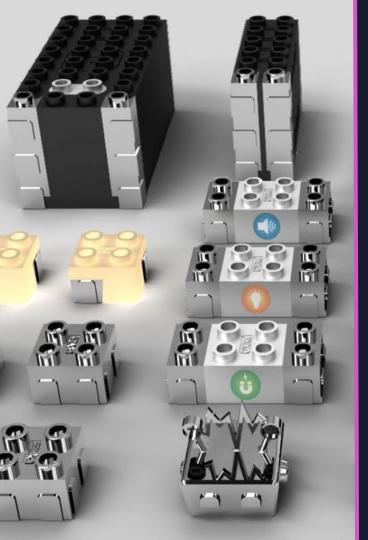
Appearance - The metallic bricks and stylish wooden tray (included in the box) allow for teens to leave this in their room without ever "putting it away" into the depths of their closet. Its attractive design will also be tempting to play with.

Endless Possibilities - Teens are never "done" building this. They are constantly building, breaking, and shaping their structures to their mood.

Easy Pick Up - These bricks will be a **constant presence** in the teen bedroom, making it **easier for teens to pick up and start building** as opposed to going on their phone.

Innovative - Magnetic LEGO blocks adds more dimension to the standard LEGO block, while allowing bricks to attach in multiple directions.





IoT-ENABLED BRICKS

<u>Brixo</u> was a kickstarter startup that created **conductive LEGO blocks** with LED, sensor, motor, and IoT capabilities (without the messy complexity of wires). Although they ended up being a scam, they raised over **a million dollars** and have the designs and technology to efficiently and safely create smart builds. It is very much possible for LEGO to do the same.

Appearance - Similarly to the fidget bricks, these bricks would be metallic, sleek, and photogenic - becoming an excellent addition to a bedroom design.

Endless Possibilities - The possibilities of builds with brick-compatible sensors, Bluetooth, and motors are exponentially greater. It also breathes life into existing LEGO structures by giving it a more dynamic nature.

Easy Pick Up - Teens can interact with these anywhere between a minute and an hour. It's not a huge time commitment, making it an easier barrier to entry for teens.

Innovative - These are **conductive chrome bricks**, allowing for clean circuits to be made with the LED and sensor bricks in the set without any messy wiring.

BUILD EXAMPLES

- Light up phone stand
- Motion sensing detector for door opening
- App-controlled LED lit house



O3MOBILE APP

If Mary could re-decorate her room using these smart devices, she could control everything right from her smartphone.

The bryck app will allow teens to dynamically interact with the smart devices and builds in the product line, forming a connected ecosystem reflecting the teen's mood. The app can control lighting and read sensor data in the brick structures.







bryck by lego

Color-changing UI

Device selection UI

IMAGINE: MARY'S STORY WITH BRYCK

Fidget Bricks and Lights

IoT Bricks

LEGO ecosystem



Mary learns about the fidget bricks and lights on social media, instantly attracted to its aesthetic design. After furnishing her room with these products, she is continually engaged with the LEGO brand. The bricks, in their stylish and minimalist tray, are always there on her desk waiting for her to tinker with. The lights, controlled by an app, are always dynamically changing with her mood

After playing around with the fidget bricks, Mary is brought back to her childhood - when she found joy in the smaller, creative things in life. Wanting to expand her collection of bricks to more interactive sensors, Mary buys the IoT bricks. Before she knows it, she is building circuits, engineering, and diving into the "maker" spirit.

Mary is now a loyal member in the LEGO community, open to exploring other products in the LEGO ecosystem such as LEGO Architecture sets, all of which are compatible with her existing bricks.

bryck® is a **funnel into the LEGO ecosystem**, driving teens to become more invested in creating and expressing themselves through the products. Along the way, Mary's little sister saw her room filled with Bryck products and knew she wanted to have a similar room.



I'd love to have a brand that both reflects my values and gives me the chance to channel my inner builder.



Financials

Making **bryck**® worth the price.

SAMPLE PRICE POINTS

Smart 16.4 ft. LED Strip Lights

\$23.99¹

20ft Fairy Lights*

\$20.99²

Fidget Bricks

\$19.99³

Average Product ≈ **\$22**

^{*}Syncs with surrounding music

^{1 - &}lt;u>Top-rated on Amazon</u>

^{2 -} Top-rated on Amazon



Marketing

Presenting **bryck**® to teen audiences.



Marketing approach: **Authenticity** is #1



Eco-Friendly

76%¹ of teens say they have purchased or would consider purchasing products from brands that show support for issues they support, and the environment is the **#1 cause supported by teens.**² Additionally, 54%³ of Gen Zers are willing to pay 10% more for sustainable goods. Therefore, **LEGO must emphasize their sustainable company initiatives when marketing to teens**, regularly advertising their commitment to the environment on social media.



Brand Loyalty

LEGO is a family brand, meaning teens need to be a part of the LEGO lifecycle. As children become teens, word of mouth will be a powerful marketing tool, as consumers are 90% more likely to buy and trust a product that's been recommended by a friend. However, this will only be successful with high quality products. Teens will see right through a product that's cut corners.

PRO TIPS FROM **ADRIAN NYMAN**, VP CREATIVE DIRECTOR @ NIKE



- 1 DoSomething Strategic Report
- 2 <u>Piper Sandler Survey</u> 3 - First Insight Survey
- 4 ₋ Invesn



Some of us in other non-Gen-Z generations would spend money and not necessarily ask ourselves the question "Do I want my \$20 purchase to go toward this company?" I'm not a Gen Z, but I could learn from that degree of value to say, "If I'm going to spend money, big or small, I want to make sure it's going toward something I believe in. And in addition, if I'm going to be presenting it as attached to myself, I want to feel even more pride that it's something that I am connected to."



PRO TIP FROM **EMMA SPAGNUOLO**, ASSOCIATE PARTNER @ MCKINSEY NJ

Importance of Branding Products

67%

of teenagers say **branding is significant while making purchases**. This proves that teenagers are aware and conscious of branding. Also, children usually generate associations with a brand from a young age (under 12). Therefore, as soon as a child stops having fun playing with LEGO bricks and enters their teenage years, LEGO **bryck**® has to be nearby for them to maintain a positive association with the LEGO brand.





REDESIGNED PACKAGING:

Stylistic Examples

Aim to make the purchasing and unboxing process an **experience** by:

- Designing simple, modern, and aesthetic (mono colored or color block/geometric) packaging
- Focusing on the sensory experience in packaging.
 Studies¹ have shown that packaging impacts consumers' perception and quality of the product
- Minimalist design reduces cognitive load and improves customer experience.²
- Using eco-friendly packaging materials such as recycled papers/plastics.

LEGO must use **visual tactics** to catch the attention of teens. Since teens spend on average, **>7 hours/day** on screens, LEGO is competing for their attention with companies such as Instagram (captured $85\%^4$ of teens) and Snapchat (captured $82\%^5$ of teens) .

PRO TIP FROM **RILEY MCMATH WALKER**, SENIOR MOTION DIRECTOR AND ILLUSTRATOR @ CODE & THEORY



- 1 Impact of Product Packaging on Buying Behavior
- 2 The Psychology of Design
- 3 Common Sense Media Study
- 4. 5 Piper Sandler Survey of 5.600 US teens



Putting **bryck**® into teen hands.

Why Partnerships?

What LEGO gains:

Retail partners will give LEGO access to a **loyal teen audience** in addition to design + marketing insights and data. What retail partners gain:

LEGO will give retail partners recognition from their global audience while also funneling younger LEGO customers into their brand as they age.

Potential Retail Partners



Launched in 2003 as a subsidiary of Williams-Sonoma, PBTeen was the first home concept to market exclusively to the teen market.

<u>Detailed Analysis</u>



With over 970 store worldwide, MUJI is the facet of "less is more" attracting audiences for its simplistic and practical designs.

Detailed Analysis



Ikea's brand is known for its modern designs, brand recognizability, low prices, and sustainability.

Detailed Analysis







Comfort, Style, Personality

Trust, Minimalism, Awareness

Togetherness, Simplicity and Responsibility

TEEN AUDIENCE

With teens at the forefront of their priorities, PBTeen's innovative products are specifically designed to help teens create a comfortable and stylish room that reflects their own individual aesthetic.

A New York Magazine poll of >100 NYC teens shows that MUJI was "The Everything Brand" because it was mentioned as a top brand in multiple categories, including décor.

While teens aren't their main customer base, lkea has shown strength in producing affordable and sustainable teen furniture and decor.

SUSTAINABILITY

Only home retailer on Barron's 100 Most Sustainable U.S. Companies list for past 3 years, named a top 10 global leader in preferred fibers by Textile Exchange 2016-2019.

A **core value** of MUJI - they a multitude of sustainability initiatives from solar energy, recycling wool/textiles, local community engagement.

Essential to their business. IKEA maintains sustainability in all of its products (including lights, appliances, and furniture). They are also highly energy independent.

REVENUE

2019: Generated \$114 million¹ in revenue. If LEGO captures 20% of their teen customers, **\$22.7 million** in revenue will be generated selling 1 million Bryck® products.

2019: Total revenue = \$4.2 billion Operating profit = \$350 million (all demographics)² 2019: Total revenue = \$2.08 billion Operating profit = \$2.679 billion (all demographics)³

^{1 -} Annual Report

Annual Repor



Next Steps

Timeline to launch bryck®.



Partnerships

After setting arrangements with the best fitting retail and/or tech partners, **make mutual goals clear** and begin working together from an early stage.

Research

Conduct further research on the teen market by surveying more teens about **price points and design preferences** through social media polls. In addition, work with **environmental tech consultants** to research ways to make these IoT products themselves more sustainable.

Design

Create a **style theme** that remains consistent throughout the packaging, products, and mobile app. Begin prototyping designs together as early as possible in order to receive **continual feedback** from teens.





Online Presence

Hype up the launch on social media and on **retail partners' platforms**! Create video advertisements for YouTube and TikTok that showcase the quality and creativity of Bryck.

Solidify Pricing

Gauge the expenses of manufacturing, shipping, packaging, and marketing along with the teen survey data to generate price points for all products.

LAUNCH DAY!

Pre-release Bryck in **pop-up stores globally** a few days early. When the countdown timer to the online launch hits 00:00, launch this product on all e-commerce websites!

PRO TIPS FROM **REBECCA FITTS**, DIRECTOR OF REAL ESTATE @ LEAP



Launching the New Product Line



CHOOSING A LAUNCH DATE

Fall is the best time of the year¹ to launch **bryck**® because:

- 1. **Back to school season** spurs a lot of shopping for room decor, especially at lifestyle retailers like Muji. It would be ideal to have student discounts for all Bryck products during these weeks.
- 2. Leading up to the **holiday season**, many people search for gifts for loved ones and the earlier Bryck can be on their list, the better. Friendsgiving or meeting with friends to dine together and share gifts in November is also a popular tradition amongst teens.
- 3. It also **gets cold** in the fall, so more teens are spending time in their rooms.

The **first weeks of January** are also a great time to launch Bryck because many people are gearing up to make New Year's resolutions and teens will likely want to start off the year with organized rooms that reflect their goals for the year ahead.



ADJUSTING FOR COVID-19 PANDEMIC

With in-store retail down, cheap delivery costs and pleasant online shopping experience are key to convincing customers. While we anticipate life will get back to normal before the Bryck line is ready to be launched, consider the role e-commerce will play in retail partnerships.

MEASURING SUCCESS POST-LAUNCH

PRO TIPS FROM **EFFIE PENG**, SENIOR ANALYST @ CODE AND THEORY





MONITOR GOOGLE SEARCH TRENDS

McKinsey confirms that "There is an authentic spirit to Gen Z individuals where I think they just really want to know and understand who they're buying from. I would describe them as tremendously **discerning and disciplined**" (McKinsey, 2020). Therefore, since teens are picky buyers who often search for reviews of products, influencer endorsements, and deals before investing in them, aim for increases in searches for **keywords** such as: smart room, Bryck, and Lego.



TRACK SOURCE CHANNELS

Pay attention to who brings in **regular traffic vs. purchasing traffic** so you know which partnerships are effective and where you should focus your marketing. Back up these findings with **social listening** techniques on Reddit. Pay attention to your **competitors** and if they launch similar campaigns with better offerings or simply "copy" bryck.



ANALYZE SOCIAL MEDIA DEMOGRAPHICS

Use tools like **Demographics Pro** with the demographics dashboard and API for platform integration to understand who follows your social media platforms. Since teens show their support for a brand/product via social media, you should aim for high increases in follower counts and post engagement.

LET THE TEENS SPEAK!



Mariusz Poland, 13



I've designed my room myself which makes it feels homier. *after pitching bryck* I WANT A LEGO LAMP!!!



Dorothy USA, 15



My room is the primary place I spend my time in. It's the only space that's truly my own that expresses who I am, and the controllable lights sound like a cool addition.



JohannaGermany, 17



Recently, my sleep and work spaces have mixed - which is stressful. I wish there was something I could do to make it feel special again.



Rahil India, 17



There are a lot of symbols in my room that represent me but it's pretty much been the same since I was little. I think up-leveling it with tech would be super awesome!



Revenue

Muji, Pottery Barn Teen, and IKEA retail partners will help establish a stronger initial teen audience, after which social media and word-of-mouth recommendations will engage a wider population of teens. By the numbers, \$20.2 million¹ in revenue can be generated from a single partnership.

Outcomes



Engagement

Bringing smart technology into teen bedrooms will **excite teens** into designing their own space while instilling LEGO's values of **fun, creativity, and imagination**. With proper marketing, this will more effectively catch teens'



Adulthood

By entering the teen market, LEGO will stay relevant to people as they age from children to adults, keeping them near the core LEGO lifecycle as they become parents buying toys for their children, still ingrained with LEGO's values.

FAQ



What if we aren't ready to create a line with non-brick products?

We believe launching a teen brand requires moving away from LEGO's products that appeal to children, but we understand this is a big move for the company. Therefore, we created a <u>portfolio</u> of LEGO brick creations that a team of teens curated and designated as interesting home decor ideas. They were sourced from LEGO France, LEGO Germany, fan social media accounts, and Google Images.



What values does this product line inspire future generations of teens to maintain throughout their lives?

We've outlined how this product can promote STEAM education and mindfulness in this <u>research</u> document. In addition, we've created another <u>research</u> document for how to get teenage *students* involved with LEGO through graphic/3D design programs.



How do we "get to know" teens better?

We've put together a further teen consumer trends <u>research</u> document and a teen-specific advertising method <u>research</u> document, which can act as starting points for more in-depth qualitative and quantitative analysis.

Thank you, LEGO!

We're so inspired by your continuous dedication to your core values and we're incredibly grateful for the opportunity to work together. We sincerely hope you found our recommendation valuable! Throughout its creation, we reflected on what it means to be teens and learned a lot about ourselves, too.



SAYA KIM-SUZUKI



AASHVI MANAKIWALA



DAN VIDERMAN



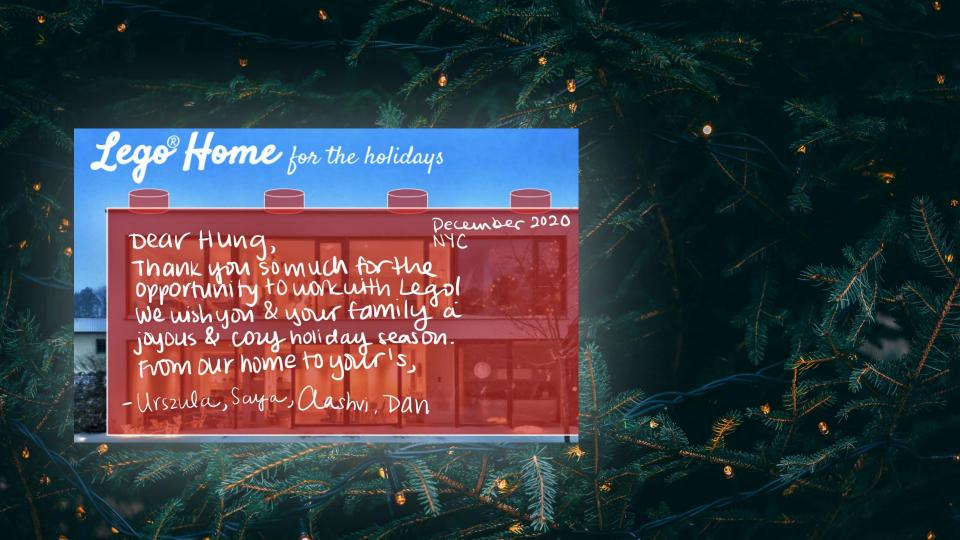
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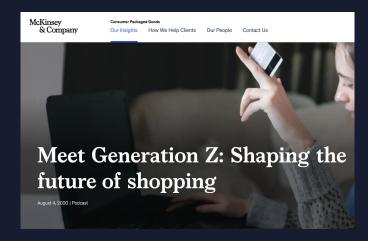




RECOMMENDED READING:



How Marketers Can Win with Gen Z and Millennials Post-COVID-19



Meet Generation Z: Shaping the future of shopping

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