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Recommended Citation
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Keywords
Cornell, behavioral integrity, leadership, employee attitudes and perceptions, ethics

Disciplines
Sales and Merchandising

Comments
Required Publisher Statement

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Cornell Hospitality Industry Perspectives
Vol. 2 No. 2, April 2012

by Conny Kalcher
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Engaging Consumers: Building the LEGO Brand and Culture One Brick at a Time

by Conny Kalcher

ABOUT THE AUTHOR

Conny Kalcher joined the LEGO Company in 1985, and has held key management positions in departments ranging from toys and software to publishing, theme parks, and innovation and marketing. She is currently global leader of consumer experiences, ensuring that the company constantly improves the understanding of the LEGO consumer and uses insights to create even better experiences for all LEGO fans. Before this role, Conny was vice president–people, culture and corporate communications, orchestrating the turnaround of HR strategy in cooperation with the LEGO board. She has also served as vice president for the global marketing and innovation department, responsible for lines including LEGO City, Harry Potter, Spiderman, and Star Wars. Before joining the LEGO Company, she taught secondary school children in Denmark for eight years. She holds a degree in international marketing and has attended senior development programs at both Insead in France and London Business School.

This paper is based on a keynote presentation she made at QUIS12, the 2011 International Quality in Service Symposium, held at the Cornell School of Hotel Administration.

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EXECUTIVE SUMMARY

The LEGO® Group maintains a culture of engagement for its consumers, in part because engagement drives revenue growth. To empower children (and adults) to be problem solvers, the LEGO Group promotes the idea of a “system in play” that involves more than just the bricks themselves. The firm seeks to encourage its consumers to move up the “affinity pyramid” to higher levels of engagement. Ultimately, the LEGO brand experience promotes “lead users” who are deeply knowledgeable about the product. The consumer engagement process involves improving customer insights and experience, growing a community of users, improving consumer service, and promoting a consumer-focused culture. Because the LEGO Group seeks continuous improvement of the customer experience, that experience is constantly measured. One way this happens is through a net promoter score, in which customers are continually asked to rate their experience in real time on the web. Likewise, the contact center promotes the customer experience by spending as much time with the customer as needed—with no scripts or time limits. This allows the voice of the customer to be heard. The result is a strong group of fans, who share information, promote the product, and participate in LEGO user groups. Among other accomplishments, LEGO users have posted millions of videos, pictures, and other projects.
In September 2011, Morgan Stanley developed a flow chart depicting the European debt crisis for its “Eye on the Market” analysis, which was reproduced by Reuters, CNBC, and other news sites. This chart examined the remarkably complex web of debt for the continent’s sovereign bank bailouts and showed a highly technical set of financial transactions. The flow chart used LEGO® figures to represent the many participants in these transactions, including Star Wars characters, artists, and even a pig. This is one of hundreds of thousands of LEGO based items posted on the web—items created by engaged consumers. We are lucky to have so many consumers who identify with our product. In this article, I will explain how the LEGO Group seeks and fosters consumer engagement, with a goal of not only increasing sales and revenues but to develop a relationship with consumers who will become promoters of the brand.
Because we have such engaged consumers, we can learn quickly what our users think. Although we work constantly to maintain communication, we don't really have to ask what they think because they will tell us. For instance, not long ago, we decided to discontinue a product line called Bionicle. When this became known, we received a pointed response from an 11-year-old user, urging us to keep Bionicle. He closed his message with: “I expect a real response.” This is the nature of customer engagement, almost a personal relationship.

Engagement grows out of the LEGO vision for consumer experiences. This vision is as follows:

- Know me and show me,
- Developing LEGO as an experience brand and engaging with consumers,
- Measuring the experience, and
- Building lead user loyalty and brand ambassadors

Let’s look at these four elements of consumer engagement strategy.

Although the LEGO group was founded in 1932, the first plastic LEGO brick was made in 1948, when manufacturing equipment became available. Adhering to a basic value of high quality materials, the key concept was the revolutionary idea of a “system in play” that went far beyond just the bricks themselves. This strategy was to make sure that regardless of the additional sets that became available, they would fit with existing systems. The guiding principle was “only the best is good enough” for children. Today there are 70 LEGO bricks for every person on earth. Our company is the largest tire manufacturer in the world, but, of course, these are very tiny tires.

The mission of the LEGO's Group is to inspire and develop the builders of tomorrow by empowering children to be problem solvers and builders. Let me relate a key “moment of truth” for our company. We were fortunate to have an engaged customer who happened to be an adult fan of the LEGO brand. He had ordered many sets over the years, but on one occasion he canceled his order when he found out that the order would be delayed. Our efficient staff apologized for the delay and canceled his order as he requested. That would have been the end of it, but this particular customer was stunned that the company accepted this cancellation without comment. He contacted us, pointed out that he had spent thousands of dollars on LEGO products, and he was surprised that no one seemed upset when he canceled the order. This set us on a new course under which we focus on regular and continuous contact with our customers, and we constantly consider what can do for each market segment that uses our product.
brands such as the LEGO brand put as much emphasis on the experience around their products and services as on the product and service itself. The brand is not just what the consumer pays for, but everything that wraps around it.

What this means is that the LEGO brick sits at the core of a set of experiences that embrace all aspects of our operation. We emphasize the LEGO brand as an experience brand at each turn, including our LEGO Brand Stores, LEGO community experiences, the building instructions in each set, our catalog, and LEGOLAND. As an experience brand, we take steps to get people talking about our product, sharing ideas, recommending it, and promoting it to friends. So, you can say that our fans help us market the product.

Our part in this is to encourage our promoters’ actions. In that regard, we focus on understanding our consumers. We also create distinct and seamless experiences across all elements of the product and service connected to that product. This means creating moments of dialog when possible, and continuously improving consumers’ experiences and interactions with our company. We also bring like-minded fans together.

**Four-Part Strategy**

To tie all these activities and initiatives together, we created a consumer engagement strategy that covers four key focus areas. The purpose of this four-point approach is to create consistent and engaging consumer experiences:

- Improve consumer insights and experience;
- Grow community membership and loyalty;
- Improve consumer service to become part of the experience; and
- Stimulate a consumer focused culture.

Implementing the first three strategies caused us to act in a different way, and it was this approach that fostered our culture of engagement. Again, the goal is to bring people onto the affinity pyramid and then gradually engage them more as they grow in engagement toward the upper end of the pyramid.

If you are wondering what changed as we executed the consumer engagement strategy which I just outlined, I would characterize the change as follows. We moved from offering many individual experiences to a single, aligned premium LEGO experience with many touch points. So, for instance, for our users we have the LEGO club, a kids inner circle, and MMOG—the massively multiplayer online game. We also have shop@home and 50 brand shops. All of this brings millions of monthly visitors to LEGO.com.

Now, as you can easily guess, each one of these touchpoints represents a different department within our firm, but that makes no difference to customers; instead they want to
experience a premium brand no matter where they connect with the company. To make this happen, we created what could be called the LEGO experience DNA. This DNA is the way we characterize the interaction between company and customer. However, we have a great complication that most companies don’t face. This complication is that we have both purchasers and users. The person who buys the LEGO product is an adult, but the person who consumes or uses it is usually a child. The essence of this DNA for both purchasers and users is to always share the enthusiasm for the brand experience. This happens every time we interact with consumers.

Here’s an example of what sharing enthusiasm means. You’ve all had the experience of telephoning a company and dealing with someone in a contact center. Most calls of this kind are timed and usually involve a script. That does not occur in our contact center. We don’t have scripts or time limits. The call goes on for as long as the consumer needs, and it may range far beyond talking about LEGO toys to the way the customer feels or the kind of day she is having. Thus, it is a connection not a transaction. We ask our people to be inspired.

As we worked to improve the LEGO experience, we engaged in three types of experience development:

- We continuously improve existing experience;
- We strive to connect experiences for prolonged and seamless engagement; and
- We identify and develop new experiences.

We discovered, for instance, that the process of becoming part of our loyalty program was broken because it required too many different sign-up steps. So we fixed that to be seamless. In the end we wanted to create signature experiences that are associated with and characterize the essence of the LEGO brand.

In this context, we developed a tool box and process for co-creating experiences with our consumers. We identify key moments of truth throughout the consumer journey and focus on what consumers truly value. This means we must identify what is important to consumers and how well we are delivering on that. And where we are not delivering well on what matters to consumers, then we must do what we can to quickly improve. We also seek continuous experience improvement by having consumer experience champions, who use the tools in their own department. Their chief responsibility is to be the voice of the consumer and improve the LEGO experience in their touchpoint.

Measuring the Experience

Our yardstick for measuring the consumer experience is net promoter scores (NPS), but I hasten to add that our use of NPS is not to gain a score as much as it is to develop a process for improvement of experience and involvement. Our NPS Program is based on a single question: How likely are you to recommend the LEGO experience/product/service to a friend or relative? We use the following cutoffs for the resulting scores. If someone scores 9 or 10 on the 11-point scale (extremely likely to recommend), they are a promoter. At the other end, 0 to 6 is a detractor, and someone who is at 7 or 8 is a lukewarm passive. Subtract the detractor score from your promoter score and that’s your NPS.

This approach is far more effective than measuring satisfaction. Instead of measuring how pleased customers might be, we focus instead on involvement. When we measured satisfaction, we got high scores, but that left no incentive to continue with process improvement. With NPS, you understand both the happy consumers and the unhappy ones. Then, if you can address the unhappy customers’ issues, you can grow the brand, and create an emotional connection.

Measurement is just the beginning. Our focus is how to move people from being a detractor to at least a passive and from being a passive to being a promoter. The process involved in this change is fact and data based. We start by collecting data from our consumers at all touch points. From this, we create insights, learn from those insights, and take action. The action might be to refine a process, repair a relationship, redesign a product, or to innovate a process. This affects all our departments and experiences, including consumer service, global brand retail, The Club, and others.
We boost the experience, and then we measure again. Along the way, we also provide feedback to the consumer. We close the feedback loop by telling consumers that we heard them and fixed the problem that they identified.

The key tool in this process is the consumer metric scorecard. We share results of promoter scores broadly and make employees accountable for actions. We also report on what is being done specifically on each problem. Each month we compile a new report on what is being done to improve the NPS and improve consumer involvement—and, to drive behavior, bonuses rest in part on the NPS.

**Real-time NPS**

Here’s an example of a new way to do this. At our retail store, we ask customers to rate their experience by logging in on our webpage, inputting the number on their receipt, and answering a brief survey to rate their experience. We look not just at the score but at the drivers of the score, such as greeting, timely responses, and the like. The reason for this is that by understanding the drivers you can understand where to put the necessary action. As an example, a consumer in Orlando was not satisfied with the store experience, and our analysis quickly showed that it was due to a slow checkout. Within minutes of that report, the store manager received an email alert, and the manager contacted the customer to apologize for experience and, further, to explain what is being done to prevent a repeat of the checkout issue. By responding rapidly, you move the consumer from the detractor box to the promoter box—and you improve operations.

Returning to the contact center, another way to create amazing service and improve quality is to listen to the voice of the consumer. So, top managers and other executives, including myself, listen in on calls to our contact center. This gives us a better understanding of consumer sentiment here and now.

We also do NPS scores for the contact center. What we found is that the best scores for contact center are when they connect with consumer with a laugh or a story. Remarkably, service recovery doesn’t score as high as making the customer laugh. We share information among call center advisors with *The Voice*, a newsletter that tells where the biggest problems are. Everyone in the company can see what’s happening, and contact center advisors can see that their concerns are heard.

As an extension of the contact center, we take information gleaned there and loop it back to the product development teams. We have product specialists (for example, the Star Wars specialist) who focus on issues relating to their product. The product specialists meet with designers and marketers to discuss the issues they have observed in the contact center twice a year. This is another way that the contact center advisors know their voice is heard, and another way that their input helps improve operations.

**Increased Spending**

Advancing customers from the detractor category to passive and then to promoter has a financial basis. We have been able to quantify the value of moving customers from one category to the next. In short, delighting consumers and creating promoters pays off. We have found that moving a customer from a detractor to a passive results in incremental spending of 20 percent. And moving from a passive to a promoter results in incremental spending of another 26 percent.

**Getting Users into the LEGO Experience**

The LEGO Group has the world’s biggest subscription-based club for boys, with 4.2 million members in 14 countries. We want to help these users become closer to the company and increase their use of the product. So, we launched LEGO M.B.A., that is, the LEGO master building academy. This is intended to help the kids become better builders and learn more about the brand. If you’re really into the LEGO brand that’s just the coolest thing. This brings kids closer to the company.

**Results**

As a result of all these efforts, we have a strong group of LEGO fans. Fans are distinct from regular consumers because fans know everything about your product, and may know more than you do. As of the time of this writing, if you google LEGO as a search term, you’ll get over 310 million hits of videos, pictures, and other projects, including Morgan Stanley’s graph of the European sovereign debt.
crisis. This involves people doing things with LEGO bricks. There are 200,000 “brickfilms” on Youtube. Again, these were created by lead users who find novel ways to use LEGO bricks as a creative tool. Likewise, over 1 million pictures on Flickr are created using LEGO bricks.

These LEGO fans are the adults who are lead users, members of LUGS (LEGO user groups), who organize themselves and are not organized by the company. Our internal community department does work with these groups, but they are self motivated. We also have LEGO ambassadors, LEGO certified professionals, and a LEGO user partner program. All these are fans who are promoters of the brand—but they are not employed by the LEGO Group.

We also call upon fans and lead users to develop ideas together with us. Lead users participate in product development. They can, for instance, customize their own LEGO set. In general Some 10 percent of lead users actually create their own content on line. Their activities “shine” on the brand, so it’s important to allow ways to have these lead users share their enthusiasm. We have a certified professionals program that works with a core group of LEGO fans who have business ideas related to the LEGO brand. At the moment, 70 LEGO ambassadors from 31 countries represent user groups with 70,000 members.

**Best Practices**

In summary, here are the best practices for encouraging customer involvement.

- Define consumer ambition,
- Act on consumer insights,
- Understand the consumer journey and develop signature experiences,
- Get personal with a 1-to-1 approach of know me and show me,
- Make frontline staff into heros,
- Engage with consumers where they are, and
- Build your community.
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