University of Economics, Prague

Master's Thesis

2016 Veronika Kinštová

University of Economics, Prague

Faculty of Business Administration

Master´s Field: International management

Title of the Master´s Thesis:

The impact of POS materials on sales: LEGO Nexo Knights 2016 campaign in toy specialist stores

Author: Veronika Kinštová

Supervisor: Ing. Petr Král, Ph.D.

Declaration of Authenticity

I hereby declare that the Master´s Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree programme.

Prague, August 20, 2016 Signature

Acknowledgement

I hereby wish to express my gratitude to the supervisor of my thesis Ing. Petr Král, Ph.D. for his guidance and recommendations. I would like to also thank my former colleagues at LEGO, Kateřina Cermanová and Adriana Jahňáková for their valuable support.

Title of the Master´s Thesis:

The impact of POS materials on sales: LEGO Nexo Knights 2016 campaign in toy specialist stores

Abstract:

In today's highly competitive and cluttered marketing environment it becomes increasingly harder for brands to differentiate themselves form others. This is especially pronounced in the retail space. Shopper marketing is a discipline that focuses on shoppers and their needs to create a unique shopping experience and thereby increase in-store communication effectiveness. Keeping in mind the challenges of marketing to children, LEGO aims to communicate to its shoppers as well as consumers through the platform of in-store its core values of creative play, fun and learning. The thesis discusses the effectiveness of LEGO shopper marketing, specifically the engagement elements it uses in various channels. The aim is to test and evaluate the impact of these materials on the target audience and sales as well as define the hierarchy of LEGO in-store communication materials. In the theoretical part shopper marketing concepts, shopper beaviour and marketing in the toy industry are discussed.

Key words:

Shopper marketing, engagement elements, toy industry

Table of Contents

Introduction

LEGO is a global company whose products aim to educate and develop children's manual and cognitive skills and imagination through creative play. For more than eighty years the company has been bringing its innovative quality products to the market and communicating their benefits to parents as well as children. This thesis will attempt to evaluate how effectively the company manages to translate its message through the platform of in-store.

Lately some traditional forms of marketing communication such as ATL have been stagnating; therefore increasingly more organizations, LEGO being one of them, started investing into shopper marketing strategies. The in-store is undeniably an important marketing communication channel. A consumer may fend off unsolicited advertising in many situations, however he or she will eventually arrive at the point of purchase – the store. Therefore the store is considered the final stand where to reach the shopper and make the last appeal to encourage purchase.

This thesis is discussing the impact of shopper marketing tools and in-store communication effectiveness. The retail space has become very complex and consumers have therefore adopted selective perception of marketing communications. These influences make it harder for the manufacturers to bring across their messages. The consumers come to the store with their specific attitudes and goals that have been impacted by intensive in-home and outdoor marketing influences. Further more it is not only in-store marketing communication that reaches the shopper in the retail space; it is also the assortment strategy, package appearance, price, and merchandising as well as shelf space allocation and organization. The competition is nowadays very intense and creates a substantial need for competitive advantage of the brands to be able to stand out. The retailers and the manufacturers attempt to influence the shopping process and bring a unique shopping experience by implementing principles of shopper marketing.

Shopper marketing is a recent discipline and in the past decade a lot of research has been done in the field. Markus Ståhlberg and Ville Maila created a comprehensive compilation of articles from shopper marketing experts called *Shopper marketing: How to increase purchase decisions at the point of sale*. The book starts with defining the concept of shopper marketing, it further discusses the different strategies and approaches to the topic and finally looks at a variety of examples of execution. For the theoretical background on shopper marketing as well as examples from current practice a very useful study was issued by the Retail Commission on Shopper Marketing - *Shopper Marketing Best Practices: A Collaborative Model for Retailers and Manufacturers*.   There are several in-depth studies that analyse the shopper behaviour; amongst others Deloitte's *Capturing a Shopper's Mind, Heart* and Wallet, Inman, Ferraro and Winer's *Where the Rubber Meets the Road: A Model of In-Store Consumer Decision-Making* or Schwartz's *The Paradox of Choice* are worth mentioning. Trade associations such as the POPAI or GMA have abundance of statistical data on marketing at the point of purchase and the factors influencing it. The Path to Purchase Institute regularly publishes detailed industry reports focused on consumer and shopper behaviour as well as best practice cases of shopper marketing.

Indeed, there is a lot of research into shopper marketing and shopper behaviour and the practical studies mostly focus on FMCG companies who are the pioneers of shopper marketing. However there is very little research on effectiveness of shopper marketing in the toy industry. The findings from the FMCG companies can be reapplied on toy manufacturers only to a certain degree, as the marketing communication in the toy industry must be differentiated between the shopper and the consumer. These two groups are significantly different in this case and very different approaches need to be taken when it comes to the in-store communication.

This thesis focuses on a specific part of LEGO's in-store communication – the engagement elements (Eco model box, Booster box and Model tube), materials that are intended to communicate to LEGO shoppers as well as consumers. These materials are placed on the shelves of LEGO's retailers and in order for them to be willing to allocate their shelf space to this purpose, the materials must prove to be both appealing to the target and economically efficient. LEGO has a level of understanding of the effectiveness of its in-store engagement elements from a mix of markets (US, Nordics, Central Europe and Asia). However it lacks country-specifics insights from the CEE region. The reason for selecting this particular topic for the thesis was the opportunity to realize a research project in LEGO CEEMEA regional team. This thesis will discuss the background, process and results of the project that has taken place in the first half of the year 2016.

The primary objective of this thesis is to find out whether the in-store materials have the intended impact on the LEGO shopper and consumer. The hypotheses of this thesis are:

1. In-store marketing is an effective platform of communication towards the shopper as well as the consumer:
   i) LEGO engagement POS materials communicate the core messages of quality and creative play to the shopper.
   ii) LEGO engagement POS materials have a positive influence on navigation within a category and on consumer engagement.
2. The materials help in shopper conversion and have positive impact on sales.

A secondary objective of this thesis is to identify the importance of the engagement materials in the context of other non-engagement LEGO POS materials.

In the first chapter the definition, concept and principles of shopper marketing will be discussed and outlined. The chapter will focus on the evolution of in-store marketing into the recent stage of shopper perspective, it will discuss the different definitions and possible interpretations of this concept and it will deep dive into the challenges, trends and key success factors of shopper marketing strategies.

The second chapter will centre on the core focus of this marketing discourse – the shopper. It will look at the shopper behaviour and the possible influences and stimuli it can be subject to. In this chapter the path to purchase and the aspects of in-store decision-making process will be identified.

The toy industry will be the focus of the third chapter. Here the previously discussed concepts will be considered in the context of toy manufacturers. The change in the regular path to purchase will be examined. The sometimes-controversial topic of marketing to children will also be emphasized in this chapter. Furthermore it will focus on the current trends in the area and how they influence the major toy manufacturers as well as LEGO itself.

The fourth chapter is the beginning of the practical part of this thesis. Here the background and reasoning for the research will be stated and the methods used in the research will be detailed.

The practical section consists of two parts – the author's empirical study and the analysis of the results of a LEGO research project realized by the author of this thesis. These parts are divided into chapters 5 and 6. Chapter 5 details the outcomes of qualitative interviews and consumer sales analysis. The findings are verified in more depth by the results of eye tracking and on a larger scale by quantitative interviews in the analysis in chapter 6.

In the last section the final conclusions based on the study of the literature as well as the practical study are drawn and implications and recommendations are detailed.

1. Conceptualization of shopper marketing and key success factors of a shopper marketing strategy

1.1 Definition of Shopper Marketing

As Silveira (2014) says, the technological, social and business advancement of the past decade has led to significant changes in consumer behaviour. This development on one hand brought declining brand loyalty but at the same time enabled the manufacturers to engage with their target groups in more diverse and efficient ways at the point of purchase. Marketing practice had to adjust accordingly and recognized the increased importance of the point of purchase on marketing management.

Due to the fact that it is still quite new practice, the definition of shopper marketing differs from company to company. There is still a lack of unifying specification of the discipline. Some marketers regard it as more advanced form of category management, while others more of an insight-driven practice of in-store marketing. The Retail Commission on Shopper Marketing defines shopper marketing as “the use of insights-driven marketing and merchandising initiatives to satisfy the needs of targeted shoppers, enhance the shopping experience, and improve business results and brand equity for retailers and manufacturers” (The Retail Commission on Shopper Marketing, 2010).

Shankar (2011) defines shopper marketing as “the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation.”

A 2007 Deloitte report focuses in its definition of shopper marketing on the aspect it should always include: “all marketing stimuli, developed based on a deep understanding of shopper behavior, designed to build brand equity, engage the shopper (i.e., a consumer in ‘shopping mode’), and lead him/her to make a purchase” (Deloitte, 2007). This particular definition is however flawed according to Kramer (2012) as it forgets the retailer as the key decision maker and his critical objective: to provide shopper solutions and drive sales by category, not by brand.

From all the definitions above we can conclude that shopper marketing is a relatively new practice that focuses on the consumer at the point of purchase and requires coordinated efforts from both the manufacturer and the retailer. Compared to the traditional marketing with its push and pull strategies it according to Wittemen (2012) aims to influence awareness and to stimulate triggers within the shopping cycle. It is one of the more directly effective parts of marketing communication. Shopper marketing tries to understand the target consumer's behaviour as a shopper.

1.2 The importance of shopper marketing and the store as a medium

When we look at the shopper behaviour cycle (Figure 1), in-store comes into the picture in the second phase – shopping. The in-store communication influences what the shopper considers and what he or she might buy. As Figure 1 shows, this is why the in-store plays a major role in the path to purchase, specifically it needs to attract the shopper's attention, engage him/her and motivate a purchase.

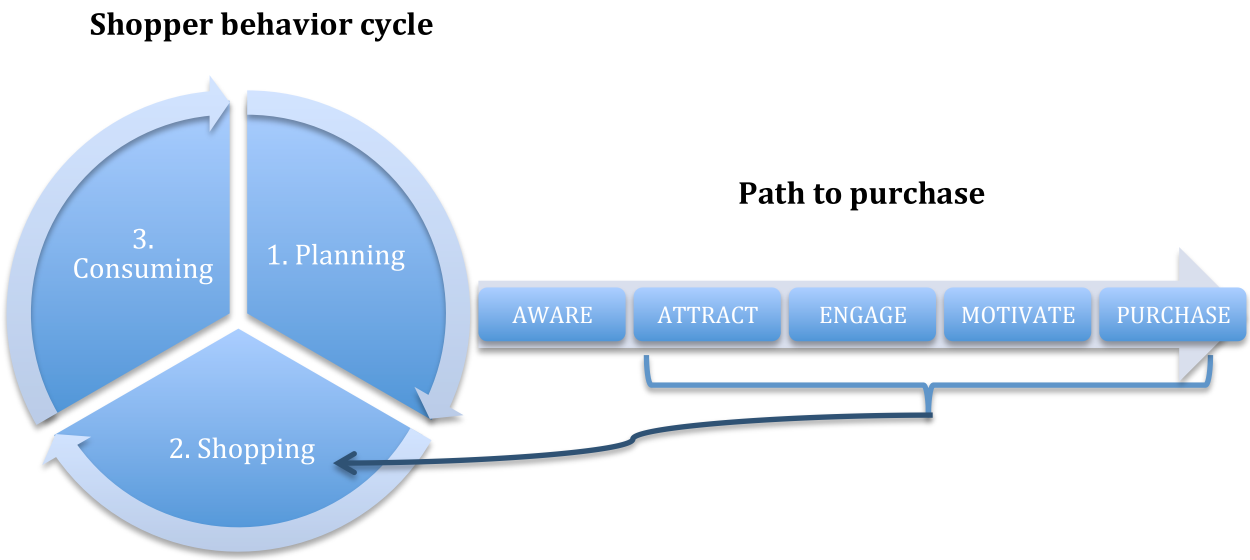


Figure 1 Shopper Behaviour Influence Roadmap
Source: In-Store Marketing Institute, Inc. & The Partnering Group, 2010

For in-store to be able to do this, the shopper marketing strategy that is communicating through the medium of the store needs to be insight-driven. The data on the shopper can be drawn from a variety of sources (online surveys, loyalty-cards, consumer sales data, field research, etc.), but it is important to come to accurate conclusions in order to create a strategy that communicates to the target shopper specifically.

In order to make shopper marketing effective, it also needs to work with the pre-dispositions people bring with them to the store. This is why marketers make a lot of effort towards more integrated campaigns in order to bridge the gap between in-store and out-of-store marketing communication. The integration of in- and out-of-store is only logical since consumers entering a store do not suddenly become 'clean slates', they arrive having chosen the particular outlet for their specific goal.

Store ought to be regarded as a medium with its explicit content, audience and format. A company should therefore develop individual shopper marketing strategies for different channels. LEGO uses a variety of distribution channels from toy specialist stores to hypermarkets. The need for adjustment of strategy is obvious here – a shopper in a toy store is in significantly different situational context that one in a hypermarket. Shopper marketing creates the opportunity to study the type of shopper in the particular channel, address his or her latent demand and covert it into purchase.

Exactly how important communication medium is the store has been studied for decades. The Point of Purchase Advertising Institute has long since been carrying out large shopper researches with the aim to observe trends in in-store consumer decision-making processes. It calculates the in-store decision rate as a sum of all generally planned, unplanned, and substitute purchases. POPAI has over the past four decades conducted four major studies. The first three were focused on hypermarkets and the most recent one looked at mass merchants. The studies confirm that the trend on in-store decision rate is upward: in the 1986 study it was found that 66% of the decisions were made in-store, this number grew to 70% in 1995 and 76% in 2012. The latest study involved almost 3 000 shoppers in the US and took place in major mass merchant retail chains. The in-store decision rate ascertained in this research was the highest so far – 82% of the decisions were made in-store. Although the different channel used in this study was a likely influence, the number can still be regarded as exceptionally high and the tendency seems to be continuously growing. (POPAI, 2014)

Another study by OgilvyAction found that: "72% of shoppers made one of four major purchase decisions in the store." (Richard K. Miller & Associates, 2013). This number is lower than the ones from POPAI, but it still confirms that in-store is a place, where a shopper can be reached, convinced and converted. Ogilvy's global shopper research "Shopper Decisions Made In-Store" studied over 14 000 shoppers across 24 countries in hypermarkets, supermarkets, convenience stores, pharmacies, and independent stores. This study brought an important insight into the one single figure often cited when stressing the importance of in-store: the regional and local differences between different cultures. The research shows that at least one decision is made in-store on average by (Rafe, 2016):

- 72% of shoppers in the US
- 59% of shoppers in EMEA with:
    - 94% in Romanian stores
    - 38% in German stores
- 54% of Asia-pacific shoppers with the variability of:
    - 88% in China

  - 39% in Singapore
- 51% of shoppers in Latin America

The variance here is significant even within socio-cultural regions and should therefore be accounted for in the strategies developed on a local level.

Another important set of considerations are the demographic factors influencing in-store decision-making. The POPAI (2014) research found that women make by 6% more unplanned purchases than men. Age of the shopper however does not seem to play any role.

The conclusions that can be drawn from the above-mentioned shopper studies are that the shoppers seem to trust the in-store increasingly more as a base for their decisions and that marketers are most likely getting better at communicating to these shoppers by addressing their needs more effectively. This is reflected by an interesting aspect of the POPAI (2014) studies. There was a difference between the locations of the in-store materials used in the 2012 and 2014 tests. In the 2012 test the in-store displays were divided approximately 50:50 between primary and secondary placements. In the test from 2014 78% of the displays were in primary placements and only 22% in secondary. The in-store decision rate was by 6% higher in the 2014 test uncovering possible shopper preference for primary placement of displays.

1.3 The Evolution of In-store Marketing

Shopper marketing is considered the next wave in the evolution of retail marketing. According to Brian Harris (2012) it stands on the foundation that has been built "over the last 20 years by the successful implementation of the consumer-focused philosophy and business processes of category management." Figure 2 shows an overview of the waves that lead to the origins of shopper marketing.

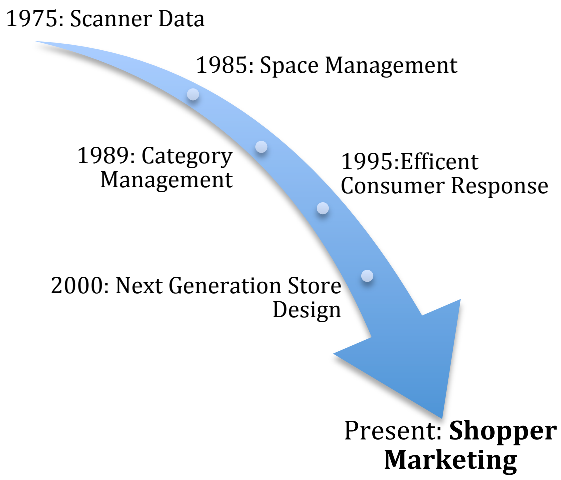


Figure 2 The Evolution of Shopper Marketing

Source: In-Store Marketing Institute, Inc. & The Partnering Group, 2010

Harris (2012) suggests that the roots of modern retail marketing go back to the 1970s' when new scanning technologies started providing the manufacturers and retailers with precise sales data and provided key insights for strategic decisions about pricing, assortment or shelf space management. The introduction of the personal computer in the early 1980s' enabled use of analytical tool for drawing informed decisions based on data collected at the point of sale.

Another big step in retail marketing was category management in 1989 introduced by Harris himself. Category management aimed to use all the analytical tools at hand as part of more strategic marketing approach. "Category management, with its focus on the consumer and 'the category as a strategic business unit', provided the philosophy and business process to achieve this objective" (Wittemen, 2012).

A recent report by The Retail Commission on Shopper Marketing (2010) argues that this development brought about new ways of retailer-manufacturer collaboration. In the mid-1990s the Efficient Consumer Response institutionalized these collaborative efforts to improve consumer value and choice in the store.

The latest development in retail marketing started with the turn of the century when many retailers started to identify the store as an integral part of the shopping experience. This wave created more shopper-friendly store designs and consumer-focused solutions such as the new generation in-store concept. Lately retail marketing started focusing even more on the shopper as the key to developing an in-store marketing strategy; it requires continuous search for competitive advantage and a forward-thinking approach. This strategy has, according to Harris (2012), two prerequisites – the ability to gather new insights about the shopper and the ability to reach the shopper at the point of sale.

1.4 Trends in In-store Marketing

One of the most important developments that enabled the conception of in-store marketing was recognizing the store a communication channel. Before store was merely a distribution channel, a space to sell the manufacturer's products. Mass communication was mostly regarded as the core marketing activity when trying to reach the consumer. As a Deloitte (2007) report points out, with the majority of the purchase decisions being made at the point of purchase and about as many being impulse-driven, the store could no longer be overlooked. Stores were recognized as a significant opportunity filled with individuals with the intention of buying. Marketers used to target the consumer outside of the store and "left them alone" at the entrance. The emergence of in-store marketing changed this. Marketing communication expanded from mass coverage through ATL media to marketing through retail and thus the store became an autonomous medium.

Another important development took place also on the other side of the marketing activities. The illusive consumer marketers were trying to grasp evolved into a shopper. This distinction has been overlooked until recently even though it is quite crucial for all marketing communications. Manufacturers and retailers started to consider their consumer's specific needs in the context of the retail space and differentiated between the factors influencing the individual consuming/ using the product and the one making the purchase in the store.

Consumer matters very much in the 3rd phase of the Shopper Behavior Cycle – consuming. Here the user experience and the evaluation play a vital role. But inside a store shopper is the one that matters the most and the one marketers should target. Shopper marketing looks at an individual by 360° view – shopper is observed during the whole shopping cycle and along the path to purchase. Silveira (2014) argues that the core focus is no longer just the consumer it is also the shopper and the shopper-consumer link.

A mega trend in shopper in-store marketing in the past couple of years was constituted by new technologies. Innovations allowed a disruptive development at the point of purchase. From cardboard-based POS materials the manufacturers were able to move to very personalized, engaging and interactive in-store experience. Despite a huge surge in e-commerce, most consumer-packaged goods are still bought in brick-and-mortar stores. A

Kantar Worldpanel (2014) study predicted that buying online would still take another ten years before it reaches a 10% share.

In-store marketing technologies therefore have developed rapidly. For instance in 2014 several Duane Reade stores pioneered so called iBeacons: "iBeacon is a technology that extends Location Services in iOS. An iOS device can alert apps when a user approaches or leaves a location with an iBeacon" (Johnsen, 2014). Walgreens uses the technology as part of an in-store mobile coupon initiative, which enables consumers digitally collect coupons and redeem them via a bar code on their smartphone (Johnson, 2014). Klara (2014) mentions very futuristic in-store innovations in the form of chip-activated videos. Clothing retailers like Burberry or Kate Spade have introduced RFID chips in their stores. These chips trigger display of a fashion video when a customer picks up a piece of clothing. This technology has allegedly resulted in sales increase.

All these technologies are a step into the future, but manufacturers and retailers who aim to impress their shoppers with them need to ask whether the shoppers are comfortable with this level of in-store interaction. There may be a fine line between innovatively helpful and intrusive. This challenge was researched in the UK by CSC (2015) and found out that there is a difference in perception of in-store technologies between age groups. More than 70 % of customers over the age of 55 felt 'not at all' or 'not particularly comfortable' with in-store technologies, which were supposed to help them decide what to buy; however only a little over 40 % of customers below the age of 24 felt the same way. This leads to a conclusion that in-store technologies can be a powerful tool of shopper marketing strategies, but one that needs to be used based on deep knowledge of the shopper and his/ her feelings about the matter.

1.5 Point Of Purchase Communication and its Challenges

Van Galen (2012) claims that whether we call it shopper marketing, FMOT (first moment of truth marketing), red zone, category management, collaborative marketing or just marketing at retail, for marketing executives aiming at a solid return on investment, the potential for actively engaging shoppers at the retail space is vast. But we need to get to the stage when the customer stops in the proximity of the product, the product needs to stand out to capture the shopper's attention and give him/her a good enough reason to buy it. According to Ståhlberg (2012) the product has altogether about five seconds to convey a reason to buy it. He names three main claims: brand-related, discount-related and promotion mechanism-related.

Brand-related claims generally focus on stating the unique selling proposition of the product and putting the manufacturer's brand to the shopper's top of mind. These claims are usually launched out-of-store and are more costly. As Ståhlberg says (2012), manufacturers do not traditionally favour the discount-related claims as they can bring about a misperception of the value of the brand and diminishing profits. The promotion mechanism-related claims are a flexible way of communication at the POP. They centre on making the benefits of the purchase clear to the shopper directly. As Pincott (2012) points out "in a task-driven shopping environment, communication must be tightly focused, with short, clear, relevant messaging, seeking either to rekindle existing brand associations or to present a simple, compelling reason to choose a brand."

What it is that makes a shopper stop in the cluttered complex environment that stores have become has been studied for a long time. According to Ståhlberg (2012) the outcomes show that much like with traffic signs it seems to come down to three characteristics big, colourful and simple. It does not pay off to copy the content of other communication channels into the unique media that stores are without some critical adjustment. Long messages and elaborate visuals may not be as effective in-store as in other channels.

Van Galen (2012) argues that if marketing materials are to be able to engage the shopper in-store, they need to add some value to the shopper's life. A short video or a commercial running on a screen for 30 seconds might not be noticed if they are irrelevant to the shoppers planned trip. But new shopper insights may uncover that another type of material, which would help the shopper for instance in navigating within a category, would be more appreciated and thereby remembered. The stimuli that influence the shoppers ans shopper solutions will be discusses in more detail in the next chapter.

The basic principle of POP marketing materials is to keep the in-store activities consistent with the out-of-store ones. This can be achieved by using the brand's core iconography and key visual elements (Pincott, 2012). Indeed there is a substantial need for coherence in marketing activities towards a shopper in order to stay comprehensible. These activities have to reach through the in-home, in-life all the way to the in-store. As illustrated by Figure 3, integrated marketing communications have to keep the mix of in-store, in- and out-of-home communication means consistent:

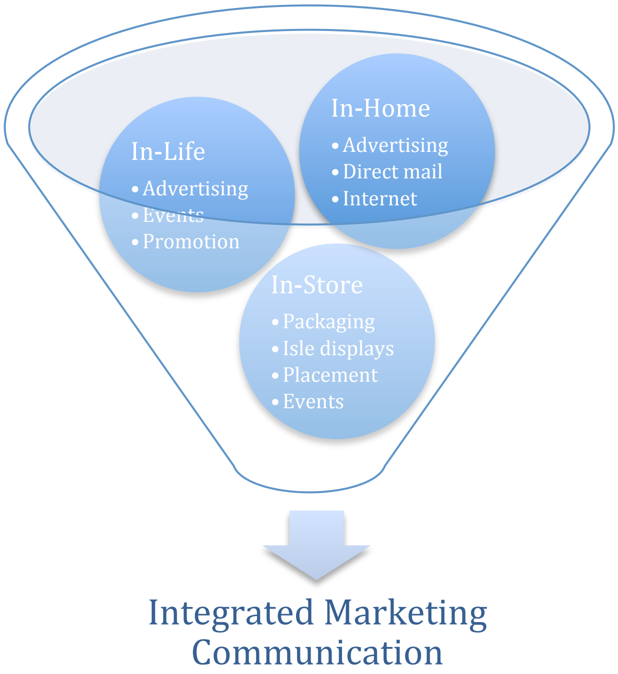


Figure 3 Integrated Communications Planning

Source: Sommer, 2012

But as Silveira (2014) argues, there are more challenges to the realization of a successful in-store campaign than inconsistency and some cannot be influenced by the creator of the campaign. Even if a manufacturer finds the marketing budget to invest into a campaign the sell-in to the retail space might prove to be problematic, and even if the manufacturer succeeds here it does not mean that the campaign will be implemented properly. The reality is that too many final decisions are left to the retail partner's staff, who are missing the necessary shopper marketing skills and data. More often than not this results in decisions being made based on habit or common sense.

To avoid misunderstanding and misinterpretation the in-store marketing materials ought to be tailored to the particular retail channel and insight-driven. As insights are not universal, they should be drawn from the context where we want to implement the decisions based on them. Figure 4 shows the three key stakeholders in in-store communication –marketer as the source, retailer as the transmitter and consumer as the recipient. There are three areas of interface between the stakeholders. First of all it is the interface of the consumer and the retailer – the in-store, which is the communication medium. Then there is the link between the marketer and the retailer. This is the partnership between the two, which, when it is constructive, can facilitate the communication flow successfully. And finally the interface between the marketer and the consumer should be the area from which insights can be drawn in order to create relevant communication content. An effective communication strategy lies on the common ground of the three participants – it is called collaborative marketing:

Figure 4 Collaborative marketing

Source: Sommer, 2012

1.6 What makes in-store effective and the paradox of choice

In 2005 researchers form Indiana University in the US conducted a broad study aimed at finding out how good retailers are at converting demand into purchase. The questions they were looking to answer were (Wittemen, 2012):

- How well are retailers engaging shoppers' needs and converting demand to purchase?
- How does this impact customer satisfaction and loyalty?
- What drives the differences in store performance?
- Which stores are easiest to shop in and why?
- What else affects the shopping experience?

The study involved thousands of shoppers and over 3 million online respondents and helped identify eight main factors that influence shoppers inside of a store. These eight factors are: *transparency, convenience, relevance of merchandise, affordance, convenience/service, enjoyment/surprise, enjoyment/comfort and uncluttered space* (Wittemen, 2012). Most of these factors come down to good navigation to and inside of the store, desirable merchandise and ease of choice when carrying out the shopping trips. When addressing all of these factors the retailer together with the manufacturer can reach a high level of shopper satisfaction and that effectively leads to sales.

Shoppers are not looking for categories and shelves carefully arranged around margins they are looking for solutions. This is only logical in today's shopping environment with an abundance of choice. And nowadays it is becoming clearer that less is often more. Schwartz (2007) cites a study that confirms this notion:

> *"... researchers set up a display featuring a line of exotic, high-quality jams, customers who came by could taste samples, and they were given a coupon for a dollar off if they bought a jar. In one condition of the study, 6 varieties of the jam were available for tasting. In another, 24 varieties were available. In either case, the entire set of 24 varieties was available for purchase. The large array of jams attracted more people to the table than the small array, though in both cases people tasted about the same number of jams on average. When it came to buying, however, a huge difference became evident. Thirty percent of the people exposed to the small array of jams actually bought a jar; only 3 percent of those exposed to the large array of jams did so."*

In current society where the freedom of choice is cherished and celebrated there might something to be said for limited choice. Perhaps increased complexity does not automatically bring also increased satisfaction. As Will Leach mentioned in a report by the Path to Purchase Institute (n.d.): "When there is choice overload, cognitive disassociation takes over and people automatically revert to a default brand or their 'normal' buy."

Schwartz in his book The Paradox of Choice (2007) deals with how to help people find their way through the jungle of choices they have to make in life as well as at the point of purchase. This challenge of shoppers' lives creates an attractive opportunity for the retailers and the manufacturers: to help the shoppers in making a choice instead of throwing piles of information and possibilities at them, thereby creating a win-win-win situation for all parties involved.

An important message we can take form these findings is that innovation does no longer affect just the product but also concerns the space surrounding the product – the retail space. Reinventing the in-store can create solutions for the shoppers and transform it into a comfortable, convenient space with relevant choices that can be made on the base of transparently communicated information

2. Shopper behaviour and its implications for shopper solutions

So far this thesis has been focusing on shopper marketing form the retailers' and manufacturers' points of view. To complete the picture of shopper marketing this chapter will zero in on the shopper himself and specifically his behaviour in store. The topics of consumer purchase funnel, path to purchase and its development in time will be discussed as well as the current influences on these processes and on shoppers in general. This chapter will describe what captures shoppers' attention and why, and how these findings can be used for successful shopper marketing initiatives.

2.1 Path to purchase and its evolution

In 1898 E. St. Elmo Lewis developed the AIDA model (Rawal, 2013). It is an acronym of a process that follows after a consumer is confronted with advertising. It argues that grabbing attention of a consumer is imperative in raising interest in a product. Once interest is established marketing communication must stimulate desire in the target in order to trigger action, purchase. The AIDA model suggests that sparking purchase is as simple as the shopping funnel of Attention, Interest, Desire and Action. AIDA is also the base of the traditional view of linear path to purchase as illustrated by figure 5.

Figure 5 Linear path to purchase
Source: In-Store Marketing Institute, Inc. & The Partnering Group, 2010

Traditionally, the path to purchase has been perceived as a straight line: from awareness and attraction through engagement to motivation and finally to purchase. The linear path was part of a linear shopping cycle: at home, a consumer uses a product, then the primary shopper sees the need to restock, chooses a shopping channel and in-store makes a brand decision (The Path to Purchase Institute, n.d.). This linear perception of path to purchase has been challenged a lot in the past years. The Hartman Group's COO Laurie Demeritte suggests that "for today's consumers, shopping is very much in constant motion; it's a virtual 24-hour, seven-day-a-week activity. The consumer is now in total control of the shopping process, not the manufacturer or the retailer" (The Hartman Group, 2012). The traditional models no longer capture the complex shopping processes of today's consumers. The main reason for this development is technology. Today, consumers are part of multiple, and often coinciding, stages of purchase across different channels. They base their choices on variety of information sources, seeking the best value. The Hartman group (2012) therefore suggest that nowadays the consumer needs to be understood as the "constant consumer" on a circular rather than linear path to purchase. The decision is no longer made at one point of the shopper cycle but along the whole process.

AIDA, as Frost (2015) argues, has been transcended, it is not enough to capture the consumer on the top of the shopping funnel and then guide him along using specific tools for each stage. Today the process became increasingly sophisticated with a new focus on consumer's preferences, opinions and other considerations. This new focus therefore has to be reflected in the shopping funnel. Noble (2010) suggests that the shopping funnel should be entirely transformed into what he calls a customer life cycle, which he defines as: "customers' relationship with a brand as they continue to discover new options, explore their needs, make purchases, and engage with the product experience and their peers." The new phases of the cycle are Discover, Explore, Buy and Engage. This shift in emphasis from the manufacturer to the consumer gives the opportunity to observe him along the whole path to purchase, across all possible channels and take the increased influence of the whole consumer community into account.

Every customer can discover a brand via myriad of modes in everyday life and online. That is the initial trigger of the purchase cycle. Noble (2010) describes the Explore phase as the part of the shopping cycle where the consumer researches the brand and other options. This can take place in-store as well as at home or via out of home trial. The Buying phase revolves around the customer's satisfaction during looking up the product either in a brick-and-mortar store or online. It also involves the actual price paid, the perceived value, the experience with the chosen channel and the customer service quality. A major difference between this model and AIDA is that the process does not end with the purchase. After the Buy phase there is the Engage aspect where the manufacturer must capture the customer regardless of what touch points he uses, thereby inspiring loyalty and WOM.

The constant streams of information, brands' websites, social media, price comparison apps and real-time online reviews have created an increasingly fragmented space in which consumers interact with brands and that has serious implications for brand loyalty. With the change in the path to purchase the customers' experience has also become highly nonlinear, with no clear path. Customers bounce between consumer and shopper modes, and between in-depth and superficial content (Egol, Sarma, & Sayani, 2013). For a marketer it becomes progressively more and more difficult to fully understand today's consumers' needs and deliver targeted and suitable content. Even online the data trails the consumers leave behind are largely disconnected. The recent approach in shopper marketing addressing these challenges is the omnichannel strategy. Omnichannel marketing offers manufacturers and retailers a holistic approach to reaching their customers with a more integrated message, across any channel and at any touch point along their path to purchase. Egol, Sarma and Sayani (2013) argue, that "by integrating strategies, insights, content development, and technology across internal and external teams, marketers can evolve the focus of shopper marketing beyond its historical centre of gravity."

2.2 Influences on in-store decision-making

There is wide variety of factors that contribute to the shopper's decision-making process. Traditionally these have been divided into emotional and rational influences and marketers have been building their brand claims based on this differentiation. These notions are according to a study by the Path to Purchase Institute (n.d.) being displaced by more intuitive and interactive systems of decision-making analysis based on the application of principles of behavioural economics on marketing. This discipline gives the marketers the opportunity to create more innovative and effective marketing programs stemming from nuanced and detailed knowledge of the target.

In an effort to win with the shoppers and further improve the shopper experience the retailers and manufacturers turned to solution-based approach. This particular shopper marketing discourse focuses on creating shared value through so-called shopper solutions. According to the GMA (2011) the winning solutions have two vital characteristics – they bring incremental value to both the shopper and consumer and they are scalable to deliver return to the retailers and manufacturers.

The area in which a shopper solution can be delivered must be based on shopper-specific insights. These insights then identify one or more attributes that bring value to the shopper beyond just low prices and change the shopper's attitudes. GMA (2011) classifies 6 basic areas in combination of which the solutions can be delivered:

- Price fit to my budget
- Optimal choice for my family
- Saves me time
- Endorsed or recommended by others
- Easy to find and purchase
- Quality that meets my expectations

These are the key drivers of shoppers' decision in-store from which marketers can learn lessons on how to effectively communicate and deliver products in the retail place.

However there are also several factors influencing the shopper directly at the store that are out of the retailers' and manufacturers' immediate control. Hui, Bradlow and Fader (2009) discuss three of these influences they consider most important. They are *time pressure, presence of other shoppers* and *composition of the shopping basket*. According to their findings it the first two that are most influential. Time pressure, even only perceived, affects the shoppers' decision-making process significantly: "as consumers spend more time in the store, they become more purposeful in their trip—they are less likely to spend time on exploration and are more likely to shop and buy." Secondly the presence of other shoppers can attract towards an area in the store but it reduces the inclination to purchase an item in that area. Here the retailer can take lessons from the sophisticated model used in urban planning to avoid crowding areas.

2.3 In-store stimuli: Shopper attention and engagement

Given the complexity of the retail space nowadays and all the above-mentioned influences, the shoppers have to be selective and fast in processing information. Burke and Leykin (n.d.) discuss several studies which state that shoppers actively see and consider only about 50% of the brands on the shelves. The new products are apparently seen less than 33% of the time. Furthermore if shoppers don't find what they're looking for in 8 – 10 seconds, they walk away. These findings have serious implications for in-store communication and confirm the need to address the shopper-specific areas discussed in the section above. For marketers to be successful in bringing across their messages under the challenging circumstances of the retail space they need to identify how shoppers allocate their attention and understand what factors drive shopper engagement and interest.

The Grocery Manufacturers Association (2011) reports that there is a set of what they call "nested contingencies" that are part of the process which leads to either a success or a failure of shopper marketing programs. The nested contingencies that are the key drivers of influence are stopping power, engagement, clarity, credibility, and motivation. When one or more of the contingencies improves, the impact of the whole marketing message and its ability to reach goals improves with it.

It is vital to include all of the contingencies when realizing an in-store solution. Many initiatives fail to meet expectations because some part of the complex if forgotten. Coupons, sweepstakes and sale messaging often only focus on the motivation contingency and have no stopping or engaging power.

Vision scientists have studied the stimuli driving shopper attention in order to understand how to effectively communicate through the platform of in-store.

Burke and Leykin (n.d.) highlight the difference between bottom-up processing, which modulates or guides attention by features of the visual stimulus, such as color, contrast, and orientation; and top-down processing, which involves the interaction of higher level mental processes with the scene. This means processes such as emotional states, plans, goals or expectations. These features of the shoppers' attention can lead to a phenomenon called "inattentional blindness" which causes the shoppers to miss information at a scene because of a narrow focus on their particular mission.

The ultimate goal of successful in-store marketing is to break through the selective processing the shopper uses. The stimuli that can achieve that are as mentioned before colours and sizes (easy to find a green object among a set of red objects, and a small object stands out from a field of large ones), familiar shapes, flickering or flashing (Burke & Leykin, n.d.). But according to Burke Leykin (n.d.) it is also the visual characteristics of the surroundings of the target stimulus that has a major impact on the shopper's ability to spot an object: "The greater the visual heterogeneity of the background (i.e., the higher the level of "clutter"), the longer the search times. Search times usually directly correlate with the number and variety of visual distractions in the scene."

The retailers should reflect this in their outlets keeping the visual clutter at a minimum and thereby reducing the search times. On the other hand memory plays an important role here. Shoppers are able to use contextual guidance in-store: they expect to see certain things in certain locations (e.g. price tags next to merchandise) and are capable of finding objects easily in familiar context of retail stores (Burke & Leykin, n.d.). Therefore the results of the laboratory test need not to be taken too literally.

2.4 Reflection of insights into practice

It is vital for the marketers to make it easy for the shoppers to satisfy their wants and needs based on the findings above. As Burke (2005) says, marketers have to address the specific needs of shoppers who are looking for a list of items they have in mind by organizing and displaying products in a way that helps them see exactly what they need and connect what they have in their minds with what is physically available in the store. Furthermore marketers must also cater to the shoppers who are merely browsing and draw their attention to relevant products and tap into their latent needs and desires. Once the shopper is engaged, the presentation of the products on the shelf must clearly communicate the benefits and added value and minimize any purchase obstacles in order to be able to convert the latent demand into purchase.

The The Grocery Manufacturers Association (2011) offers six best-in-class suggestions for effective shopper solution:

1. Make the solution obvious – the in-store shopper communication should create a clear, vivid picture of what is offered. It is often the simplest idea that gets understood.
2. Less is often more – simple combinations are usually more effective that complex displays heavily loaded with messaging.
3. What is new? – shoppers admit to buying same products/ brands because of a lack of trigger to consider a novelty. For the retailers/ manufacturers this means that shoppers may need more apparent evidence of novelty products.
4. Help shoppers be smarter – solution content that helps make shoppers smarter and more efficient is consistently rewarded with higher returns. The communication should therefore help shoppers to learn while they shop by providing relevant content.
5. Tell shoppers why they should act today – clear call to action improves shopper motivation.
6. Bring products together for a complete solution whenever possible – a right combination of products can help further communicate the message marketer is attempting to convey.

The first hypothesis of this thesis suggests that in-store is an effective platform for communication to the shopper. By following the insights and principles of this chapter during the development of a shopper marketing strategy this ambition can be achieved.

3. Specifics of marketing in the toy industry

The fundamental shopper marketing principles are in general the same across most consumer goods sectors as well as the influences shaping the strategies. However in the case of the toy industry there are some important considerations that need to be taken into account. The shopper and the consumer are in most of the cases two different individuals. This chapter considers what implications this differentiation has on the path to purchase, marketing communication approaches and what are the possible future developments. The last section of this chapter introduces LEGO and focuses on its particular approach to marketing.

3.1 Path to Purchase

As mentioned above, marketing in the toy industry is specific due to the fact that the consumer and the shopper are rarely one person. Children as consumers have gone through a process of emancipation – their opinions count more than ever and due to technology developments they are able to research and define their wants themselves.

Children have the foremost influence when it comes to the toy category. However it is the adults who generally do the buying. Therefore the path to purchase depends equally on both of these groups. The path to purchase can be very straightforward when the shopper does not need to deliberate. Approximately in 60% of the cases the path to purchase has two steps (see Figure 6):

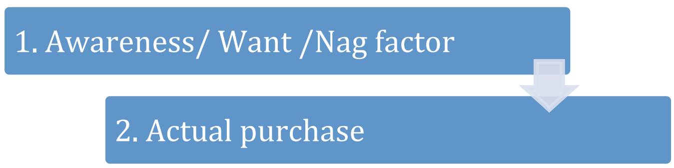


Figure 6 "No need to deliberate" Path to Purchase

Source: The Family Room Strategic Consulting Group, 2013

But there can be several hurdles, which prolong the path. The Family Room Strategic Consulting Group (2013) suggests four most common hurdles:

- Price considerations/affordability
- Age suitability
- Occasion or rationale for purchase
- Perceived quality and value

These hurdles can turn the path to purchase into three- to four-step process as described in figure 7:

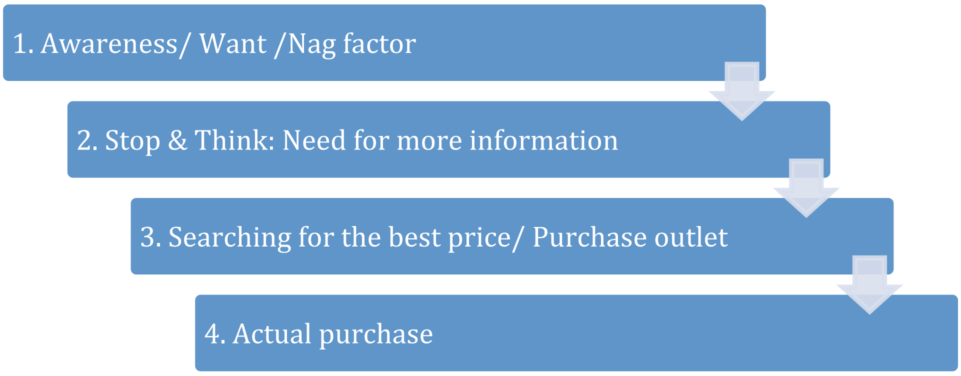


Figure 7 "Stop and Think" Path to Purchase

Source: The Family Room Strategic Consulting Group, 2013

The Toy & Game Family Decision Making Study identified five distinct decision-making approaches that are used by parents on the path to purchase. These approaches differ in the level of parent control over the decision of which toy will be purchased and correspondingly differ in their lengths (The Family Room Strategic Consulting Group, 2013):

- **"Over My Dead Body"** approach accounts for 7% of toy purchases. This is an occasion when a child is asking for a specific toy/ game and parent is refusing, but eventually agrees (the study did not consider non-purchases). Categories to which this case often relates are gender-specific toys, or character / theme-based toys. Many of these purchases are impulse buys.
- **"I Have To Think About It"** accounts for 11% of decisions. In these situations the parent needs to pause and get more information due to a specific barrier before they make the purchase. It often requires the four-step cycle that can last longer. These toys tend to be attractive to children due to the ambition to keep up with a peer group but they have some value for parents as well.
- **"Fine With Me"** approach accounts for 21% of toy purchases and the patents' underlying decisions are straightforward. The only barrier for the parent here is to make sure that the desired toy is not a short-lived whim. These purchases are typically measured in weeks. There may be a discussion between the parent and the child.
- **"Families In Sync"** the most common decision approach when buying toys. It is an outcome of families' collaborative decision-making process. It drives 40% of purchase decisions. The parents and the children are in this case equally enthusiastic about the toy/game. The purchased product is usually a combination of what the child wants but

also something creative or educational. These purchases show a shorter two-step path spread over days or weeks.
- **"Surprise"** accounts for 20% of toy purchases. Even though children are not involved in the purchase, their influence is still high. The path to purchase is often very short here and can be undergone in-store.

By understanding the specific paths the retailer and the manufacturer can adjust the communication towards shopper and consumer to make their decision-making processes easier. According to Euromonitor's (Holmes, 2014) study of shopper path to purchase the most common place where shoppers realize the need for a toy or game is a store. Up to 20% of shoppers begin to think about purchasing a toy/ game only after seeing it in-store. This provides a clear opportunity to spark the shopper's interest via in-store communication. Furthermore the research suggests that toy purchases are very often done on impulse: "one-quarter of toy shoppers will buy a toy or game on the spot, with no time for pre-research" (Holmes, 2014). A typical path to purchase of a toy is therefore fairly short, which makes a case for prominent display of the product in the store that would according to the findings of the previous two chapters manage to stop and engage the shopper /consumer and clearly communicate the value to them.

3.2 Marketing aimed at children

As children became a more affluent and influential group they also became a target group for marketers all over the world. Children between the age of 10 and 15 in Europe get on average 9,50 euros per week (ING, 2014). That creates a relevant purchasing power. It is not only the advertising for goods of which children are the consumers (such as candy and toys) that is aimed at them. Children are often decision influencers when it comes to most of the family buying decisions. They shape the purchase patterns of their families when it comes to vacations, car purchases, meals and much more.

Toys are solely the domain of children. As the findings of the Toy & Game Family Decision Making Study suggest (2013):

- One in ten toys are purchased by the child
- Six in ten toy/game ideas come directly from an overt "ask" from the child
- All of these "asks" specify exact brand and model/type
- When the parent makes a purchase, eight in ten are exactly what child has requested

But as mentioned before in the majority of cases it is still the parent who makes the actual purchase. The path to purchase here is therefore very specific as it is mostly the consumer making the decision and the shopper influences it only by deliberation, which can be different in length depending on variety of attitudes and barriers. Thus to influence the youngest members of a family means to influence the entire family.

There are many pathways into children's lives – trough the television screen, social media, online games, in-store media, websites, sporting events and even schools. TV has been a dominant channel for a long time, however the influence of on-line media has been growing rapidly.

As Nylund (n.d.) argues even though children are able from young age differentiate between commercial and other forms of communication they are still more likely to be influenced by marketing communication. They are therefore a more vulnerable group of our society as they can adopt certain consumer behaviour, which in some cases may be harmful to their natural development. This concerns nutrition habits, self-perception and lifestyle choices.

Ferrell and Hartline consider (2011) the marketing efforts of breakfast cereal manufacturers typical examples of marketing communication aimed at children with a potentially harmful impact. Cereal has been for years marketed as a healthy breakfast choice for children even though a majority of the products contain unhealthy levels of sugar. But the attractiveness to children does not end there. The manufacturers introduced toys at the bottom of the boxes to spike the excitement.

The parents feeling deceived by the companies did not stay quiet. In 1983 General Foods was found guilty of deceptive marketing practices that according to the plaintiffs lead children into a misbelief that "by eating certain cereals they could become stronger, happier, or even gain magical powers" (Ferrell & Hartline, 2011). Kellogg's not only stopped co-branding with popular movie and cartoon characters in response to a 2007 lawsuit but also proactively stopped advertising cereals that failed to meet the World Health Organization's standards for cereal.

Companies can prevent the negative PR generated by debatable or unethical marketing practices by taking pre-emptive steps in the field of self-regulation. Many industry groups in the EU have developed self-regulatory codes addressing the issues of marketing aimed at children: "the EU Pledge on Food & Beverages commits leading food and beverage companies to changing the way they advertise to children by using commercial communication that support parents in making informed and healthy diet and lifestyle choices for their children" (Nylund, n.d.).

These issues are not left merely in the hands of the industry and local legislature. International governmental organizations also issue guidelines on appropriate business practices. For instance UNICEF has developed a comprehensive set of rules called Children's Rights and Business Principles that companies can follow in the workplace, market and communities to respect and protect children's rights. Principle 6 is dedicated to ethical marketing practices. It asks the companies to ensure that "communications and marketing do not have an adverse impact on children's rights" and to "comply with the standards of business conduct in World Health Assembly instruments related to marketing and health in all countries" (UNICEF, 2013). Furthermore the UNICEF's (2013) Principle 6 encourages the companies to use marketing practices that promote children's rights, positive self-esteem, healthy lifestyles and non-violence.

Unilever (2016) provides a best practice case of Persil's campaign "Dirt is good", which promotes children's right to play. There is a range of campaigns that promote these values, however launching such a campaign does not always mean that these values resonate throughout the whole company. Take Unilever and the campaign of one of its brands Dove supporting healthy body image and their short film "Onslaught" with its main claim "Talk to your daughter before the industry does". It warns against the destructive impact marketing of beauty products can have on young girls. But as Confino (2012) points out it is again Unilever that advertises Lynx deodorants by promoting stereotyping of women that Dove so high-mindedly criticizes. This seems rather hypocritical, proves times and again that business will always be business and casts shadow of doubt on any industry self-regulation efforts.

3.3 Trends in the toy industry and implications for marketing

The toy industry is a highly competitive environment with a long list of companies operating there. LEGO, Mattel and Hasbro are however the entities that generate the largest volumes on the market. As Figure 8 shows LEGO has overtaken Mattel in 2014 as the world's largest toy manufacturer assuming the role of a market leader. The company controls about 65 % of the construction toy market, which is estimated to grow to about $12.8bn by 2018.

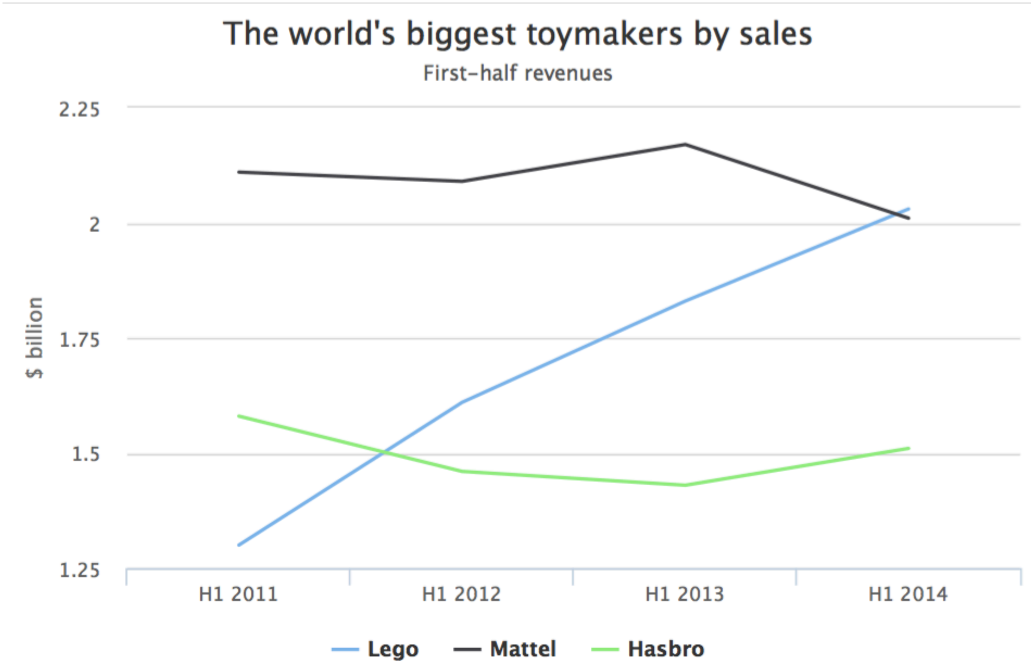


Figure 8 The toy industry market leaders
Source: Campbell, 2014

LEGO has between the years 2011 and 2014 overtaken both of its main rivals and continues to grow rapidly. This proves how quickly can the situation on the toy market turn. In order to stay on top the companies have to keep up with their consumers, who literarily change form one day to the next. The companies often struggle with keeping their products relevant and in touch with the latest trends. The trends of today's and future's youth are therefore being observed closely by the toy industry and they are now identified mainly as social networking, digitalization, but also gender neutrality and physical play.

3.3.1 Social networks

The boom of social networks in the last decade has created a new technique of marketing – so-called influencer marketing. These practices spread over a wide range of social media networks starting with Facebook and Instagram to platforms such as Vine, YouTube and Snapchat. There are young people on each social media network that generate content interesting to their peers – bolggers, vloggers, entertainers, YouTubers, gamers and streamers. The Kidsmedia center at Centennial College's has lead a study called #BrandofMe (Goldman Getzler, 2016), which over the course of 14 months analysed children's online brand-building attempts through interviews with YouTubers, Instagrammers and Twitch streamers. It found that "children as young as five are creating YouTube channels, and a significant number of teens are being pursued through their social feeds to promote products for big brands"

(Goldman Getzler, 2016). In many cases endorsement deals include paychecks of 10 000 to 20 000 dollars.

This phenomenon is only strengthened by the fact that the time spent online by children (7 to 16 year olds – 3 hours each day) has now overtaken the time spent by watching TV (2.1 hours – down from 3 hours in 2000) (Coughlan, 2016a). The problematic part here is that the transparency of paid postings is vague at best. As this practice is fairly new to the industry there is not much regulation and policing of appropriate marketing standards. Most of the youngsters may not realize that the content they consume is a sponsored marketing communication and by extension the parents do not have any control over who and what forms their children's views and desires.

An undeniable trend of today is customer-generated content. As the usage of mobile and social media grow, the consumer has more power to decide what content s/he will receive. Therefore bands have to invest more time and resources into campaigns that allow the consumer to interact with the brand and contribute his/her own content. To enable the consumers to be part of the brand's online content means to increase trustworthiness and brand advocacy (Papachristos, 2016).

3.3.2 Digitalization

A recent study conducted in the UK by the University of Sheffield (2015) revealed that 5% of 0 – 2 year olds and 36% of 3 – 5 year olds owned their own tablet. Furthermore 62% of children below the age of five have access to an iPad. They have access to tablets mainly in their own homes or their grandparents' and relatives' homes and are very capable of using variety of apps. While the parents prefer educational and story apps, children favour video or audio apps, visual play and drawing. Children (mostly 3 – 5 years) are also able to influence the choice of the app that is downloaded or purchased. These choices are in young children largely influenced by online sources like the app store, in-app advertising and online video platforms such as YouTube. And it is in-app advertising, which is seen by marketers as platform with a large potential to communicate.

Staggering is also the young children's digital skill level identified by this study: they manage to open and close apps, swipe, drag, tap, click, pinch, find and create content (see Appendix 1). As Livingstone (2016) points out, considering how long it takes for a child to start reading and writing this brings new ways looking at literacy and how it is dependent on technology advancement.

Bailey (2016) claims that parents are nowadays very open to the digital trend, in fact another study from the US reveals that they are willing to pay for smart, connected toys:

- 65% would pay on average $41-60 for a smart toy (more thank for a traditional toy)
- 23% of parents would spend up to $80 or more for a connected toy

The parents of today were raised with technology and that influences their decision-making process when buying toys for their children. Toy manufacturers attempt to keep up with this discourse. LEGO responded by launching a variety of digital games, the biggest of which was 2015 LEGO Dimensions – a game connecting physical play and video games. Harris (2016) mentions an example of KinderLab Robotics which developed Kibo, a robot that children can program using coloured cubes. Spanish researchers are creating tech-based building blocks that can detect neurological disorders. Mattel came with its Hello Barbie that connects to Wi-Fi through smartphones, can communicate with the child for hours, tell stories and share jokes (Mattel, 2016).

This development comes with its own set of challenges in the area of digital and online safety. The presence of children on the Internet exposes them to threats of bullying or trolling. A survey for CBBC suggests that three-quarters of children in the UK have social media accounts even though they are below the age restriction (Coughlan, 2016b). There were also privacy concerns about Mattel's latest novelty. After pressing a button on Hello Barbie's belt, anything that the child says is being transmitted to cloud servers and analysed by an external partner. They listen to these recordings ad use them to "provide, maintain, and analyse the functioning of the Service, to develop, test or improve speech recognition technology and artificial intelligence algorithms, and for other research and development purposes" (Clark, 2015). The *other research and development purposes* are the ones that raise many questions but according to Mattel's website, the conversations with the doll will not be used for marketing purposes (Mattel, 2016).

3.3.3 Physical play in the future

Many parents are concerned about the prioritization of digital over physical play and therefore the future of toy industry may not be entirely a matter of screens. Mattel's brand Fisher-Price (2016) has released a video "The Future of Parenting" which is supposed to predict the state of play patterns ten years from now.

The video depicts a futuristic technology-layered everyday family experience that is not devoid of physical imaginative play. Mark Zeller, head of design at

Fisher-Price described the notion behind the video: "Our research process led us to the conclusion that the future is not screen-based. When anything can be a display, tech will dissolve into the environment" (Nudd, 2016). The Fisher-Price's recent effort is aimed at future parents (millennials and Generation Z) who are digitally apt, yet wary of loosing touch with the "real world". They should naturally be drawn to merging both worlds through technology "like holograms but also physical elements like smart fabrics"(Nudd, 2016).

3.3.4 Gender neutrality

Sweet (2012) debates how surprising it is that even though today we are closer to gender equality than ever before, the gender stereotyping we push at children is just as engrained in the society as in the 1950s'. Even more surprising, says Sweet (2012), is the fact that since the 1990s' this trend has been on the rise. With the women's movement of the 1970s' gender stereotyping in toy advertising was very much receding – toy marketers often showed girls on construction toy ads and playing airplane captain, boys on the other hand were cooking in the kitchen. However in the past decades the pretty pink princess and the brawny blue soldiers have been more and more pronounced.

Take Barbie versus G.I. Joe, Hello Kitty versus Transformers, or LEGO Friends versus LEGO Ninjago, it seems that gender-specific toys are the clear winners in the hearts of both children and parents. Gender-specific inclinations seem to be largely influenced by age. In the pre-kindergarten children play with gender-neutral toys if that is what their parents wish. However with the age of entering kindergarten peer influences start taking effect and gender enters the child's world. But this might not be the case in the future.

According to a new Kidscreen study by Tyree (2016) the winning themes with children of 2016 and on are the ones that appeal to both genders. They themes use gender-neutral colours like yellow and green, leverage humour and introduce both male and female characters. The study measured "kidfinity" - children's awareness of and love for a brand or an IP, which can score from zero to 1 000. In 2015 Minions were the clear winner (see Appendix 2). Other high-scoring gender-neutral brands and IPs were LEGO, Mario, Minecraft, Sponge Bob, Angry Birds, Looney Tunes and Scooby-Doo. Gender-specific brands like Barbie, My Little Pony, Hello Kitty, Captain America and Ninjago scored much lower.

It is girls who push the IP's to become more gender-neutral. As girls embrace traditionally boy-focused brands like Nerf, Star Wars or LEGO they tend to succumb to the new audience and start leaning away from gender-exclusiveness. Therefore more and more brands that were primarily for boys are now scoring high with girls as well. Boys' relationship to girl themes is more complicated, which is mostly caused by the little to no effort the brands make to include them. Even so, Frozen and LEGO Friends scored fairly well among boys in the Kidfinity research. (Tyree, 2016)

The winning brands are in line with the coming generation of millennial parents who are open-minded, support inclusiveness and creativity. Therefore it is likely that gender-neutral toys are toys of the future. Papachristos (2016) points out that successful companies such as GoldieBlox take this trend to the next level with not only producing imaginative toys that fight against stereotypes typical in toys for girls but also supporting organizations like Girls Who Code and the Society of Women Engineers and encourage girls to pursue their dreams even if they are in areas traditionally limited to boys. Thereby they manage to personalize their image beyond their products and reach the consumers through different channels.

3.4 Implications for the toy industry

All of these trends send an important message to the toy manufacturers. When it comes to marketing it is important to get rid of old stereotypes of blue and pink, leverage technology and communicate through channels that are relevant to the target audience. Today it is time to abandon multichannel strategies and move forward with omnichannel marketing communication.

If we apply these trends on the purpose of this work – the in-store marketing – we get a set of clear recommendations. The in-store environment should not be reduced to the pink isles for girls and blue isles for boys. Technology must become part of in-store marketing practice while not forgetting the hands-on experience. Furthermore the retail space ought to be interlinked with the online world, where the consumers are, and allow for immediate feedback and interaction with the consumer via variety of communication channels. The consumers as well as the shoppers spend increasingly more time online and therefore to keep in-sore communication relevant the connection of these two platforms in a consistent way is vital while keeping in mind the special considerations that come with children as the targets.

3.5 The LEGO marketing approach

When debating the marketing success of the LEGO there are two main characteristics that come into the picture – consistency and adaptability. LEGO has managed to balance these two perfectly. (Klara, 2013)

The brand identity of LEGO has remained very consistent throughout the years. For instance the current logo has not undergone major changes over forty years. LEGO has also managed to use its history and nostalgia to its advantage. In 2014 LEGO recycled its marketing campaign from the break of the 80's to communicate its purely girl focused theme Friends. In the campaigns children are proudly holding up their creations. While the older versions (picture 1) were mainly gender neutral, the recent one (picture 2) shows LEGO's ability to adapt to the wants of its consumers. Furthermore the ads show a development and adaption of achievement perception from approval by parents (He's as proud of that truck as you are of him.) to achievement by self-expression (It's as one of a kind as she is.).

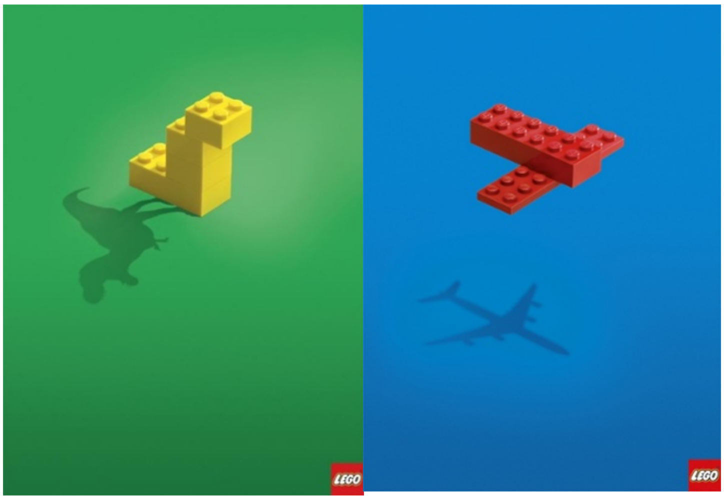
Picture 1 1980's LEGO Print Ads

Source: '1981 Lego Ad', n.d.

Picture 2 2014 LEGO Print Ad

Source: http://www.adweek.com/files/persp-new-kid-block-01-2013.jpg

LEGO’s consistency in communication is also rooted in the brand core values, which are creativity, imagination, fun, learning, caring and quality (The LEGO Group, 2016b). They have repeatedly been the focus of LEGO’s communication campaigns. Well-received examples of an imagination-focused campaign were the so-called shadow print ads from 2016. They highlighted how the bricks could spark imaginative play and creativity. See Picture 3.



Picture 3 LEGO Shadow Print Ads

Source: Kolowich, 2015

3.5.1 LEGO marketing principles

Besides the company’s spirit of “Only the best is good enough” LEGO follows a very strict set of rules when it comes to communicating to children to avoid any controversies. According to the LEGO Group Responsibility Report it aspires to “to protect and respect the rights and well-being of children impacted by our business and to demonstrate child responsibility leadership.” This is to be achieved through relevant partnerships. The aforementioned Children’s Rights and Business Principles by UNICEF guide LEGO in these efforts. (The LEGO Group, 2015b)

Some of the most important principles of marketing to children that LEGO follows are preventing all communication from (The LEGO Group, 2016a):

- Taking advantage of children’s inexperience by creating materials that would potentially mislead their understanding of the product in any way
- Portraying unsafe or harmful situations or actions
- Putting pressure on children or parents to purchase the products, or creating an unrealistic perception of the cost or value of our products.

There were several critics of the 2012 launch of LEGO Friends accusing LEGO of working against gender equality, however the company states that the pastel-color-based theme was developed in dialogue with young girls with the aim to address their wishes (The LEGO Group, 2015a). LEGO Friends have been one of the very few controversial cases when its stakeholders criticized LEGO for its marketing activities towards children.

3.5.2 LEGO digitalization and its online presence

LEGO has been like many of its competitors attempting to stay connected to its consumers, which is becoming harder and harder nowadays. The youngsters move quickly from one trend to the next best thing and balancing the strict ethics codes with flexibility makes it difficult for companies to follow them. As mentioned before nowadays it is next to impossible to be successful in any consumer goods sector without a solid online marketing campaign. The fact that LEGO became the most powerful brand of 2015 (Brand Finance, 2016) proves that its online communication have been carried out exceptionally well. Yeoman (2016) argues that LEGO owes this success mainly to its efforts on YouTube, Twitter and the user-generated content.

LEGO has a YouTube channel available in many languages, where it creates and shares variety of content from DYI projects, games and product animations to stories form the LEGO universe.

LEGO's official Facebook page has over 11 million likes (LEGO Facebook page, 2016). The team behind social networking lead by Lars Silberbauer is quick to respond and keeps a very personal touch. The page is very interactive in acknowledging content shared by its fans by likes and comments.

LEGO can be found on Twitter under @LEGO_Group as well as LinkedIn, even though neither of these pages has the young user base LEGO's communication is focused at. These platforms are important mainly when it comes to the adult fans of LEGO, which the company does not leave behind. Where LEGO manages to target its young audience fairly well is Instagram and Vine, but the follower counts here are much lower and content from Facebook is often reposted on these pages (Link Humans, 2015).

Overall LEGO manages to keep a strong social network presence but should focus more on the visual networks, where its target users are. It still relies heavily on TV commercials, which as mentioned above seem to be becoming a thing of the past.

LEGO has taken a very successful and unique approach to user-generated content. It created a platform called LEGO Ideas. Here a fan can create an all-new LEGO model on his or her own time and upload it to the website. The idea has a certain amount of time to get 10 000 supporters for which the fans do their own promotion. The best LEGO Idea creations become part of LEGO's portfolio sold worldwide, with a percentage of the sales going to the creator.

Besides its online presence LEGO has been taking steps in the area of digitalization. Digitalization in the sector of traditional toy manufacturing is a challenge. The company started its digitalization journey in 2012 with launch of LEGO Life of George ('A digital journey at LEGO', 2016). It was a physical product connected to an app accessible via smartphones, where the user was rewarded for building the correct figures. LEGO then continued with a 2014 pilot launch of LEGO Fusion in limited distribution to the American market. This product connected the physical product with online gaming. Both of these projects were received well by the children as well as their parents. The most recent attempt at digitalization was the aforementioned console game LEGO Dimensions lunched in several markets 2016.

This shows how LEGO has been apt at connecting physical play with the virtual world and taking good steps moving into the future. One debatable point oft of the trends identified earlier in this chapter could be the gender neutrality that seems to be increasingly popular among today's children. LEGO has been developing not only the IP licensed gender-driven themes such as LEGO Disney Princess or Star Wars but also its core themes like LEGO Friends or Elves aimed primarily at girls and LEGO Ninjago or Nexo Knights aimed at boys.

4. Measuring POS effectiveness: background and methods

This chapter is the first part of the practical section of this thesis. Firstly the LEGO approach to in-store marketing will be described to provide context for the following chapters. Next, this chapter will focus on the background of the project at the core of this work; and finally the methods used in the research will be explained.

4.1 LEGO in-store communication

LEGO uses a very homogenous in-store communication strategy across all its retailers as well as brand stores; consistency is the key. LEGO has a big advantage of the significant brand recognition it enjoys worldwide.

The in-store communication in toy specialist stores is manifold. LEGO uses a mix of carton-based materials (such as posters, blades or banners), engagement elements (static model tubes, ECO boxes, showcases, micro shows), secondary placements, displays, TV screens and more. Examples of LEGO in-store communications in the Czech republic are APPENDIX 3.

In hypermarkets the communication is usually more restrained. Less carton based materials are normally used as well as smaller engagement elements (booster box).

LEGO does not stay behind on in-store innovation. In 2008 it installed screens in some of its branded shops, which could recognize a box when placed in front of it and show a 3D model of the product inside the box. When a customer rotated the box, the model rotated with it. (Intel Free Press, 2011)

“Augmented reality is the technique of overlaying graphics on a real-world image so the graphics enhance and recontextualize the scene. With Digital Box, customers can see how the Lego products, some with thousands of pieces, will come together without ever opening an actual box. It’s not streaming video, but a real-time visual controlled by the individual” (Intel Free Press, 2011). In 2012 a new generation of these kiosks was introduced to improve the in-store experience and become more interactive. This decision by LEGO was not arbitrary, in fact researches conducted in stores indicated that customers appreciate the technology very much and admit that it influences their purchase.

In order for the in-store communication materials to make economical sense for the manufacturer creating them and the retailer putting them on their shelves, they have to be effective. If the manufacturer wants to create effective, engaging in-store materials that communicate directly to the target audience he must know the shopper and the consumer. The manufacturer needs to understand the shopping process in depth and only based on the learning develop the materials. Later these materials ought to be tested, evaluated and if necessary adjusted. All this information is essential not only for the marketing managers to make the correct decisions but also as an argument for the dialogue with the retailers. This is where marketing research is used to gain valuable insights.

According to Machková, Král, and Lhotáková (2010) the first thing to be done when planning a marketing research is defining the problem. This step is important in order to determine the essential scale and scope of the research required to solve the problem at hand. In order to avoid duplication of efforts already available data should be considered before the research. After the definition the research can be designed, which includes hypotheses, methods, sources of information, schedule and a budget. When all of the criteria are decided upon the data collection can start. After the data was gathered the important part of analysis and interpretation begins. The outcome of the process should be clear recommendations on the solution of the problem defined at the beginning.

4.2 Defining the problem

Globally there is an understanding that engagement elements are a vital part of in-store marketing. A need for region-specific insights was recognized in the CEE region in order to understand the local context of the most frequently used in-store engagement elements. Specifically three types of engagement elements were selected for effectiveness testing – ECO model box, Booster box and Model tube:

Model tube Booster box Eco model box

Picture 4 LEGO Nexo Knights Engagement elements
Source: LEGO Internal source

Model tube is a solution that is usually used in combination with other engagement elements. It is a material that does not take up any space on shelves as it is installed on the front part of the shelf.

Booster box is a smaller on-shelf engagement element, which can contain a smaller model. It is a static showcase. They are usually placed on lower shelves in order to be visible to the consumers rather than shoppers.

ECO model box is the most sophisticated out of these three solutions. It can contain large models. It has a functional button, which causes the box to light up and the model inside to move.

All of these materials are primarily aimed at the consumers, the children. The secondary target group of the engagement elements are shoppers. Specifically the ones that have some preference for LEGO but have not decided on a specific theme or a product. Therefore the audience are impulse and semi-planned shoppers. The materials are designed to have informational and navigational aspects besides the engagement function.

4.2.1 Global insights on engagement elements

So far the understanding of these materials stems primarily from global insights gathered from mix of all markets and variety of channels. These insights, which give an outline of the general impact the elements have on shoppers and consumers, are discussed below.

On average two thirds of shoppers view engagement elements such as Booster box and ECO box, this number is about 10 % higher with the consumers. Approximately every second individual views the Model tube. (*LEGO internal source*, 2014)

As these materials are called engagement elements we also need to consider their ability to engage the target audience. While the Booster box manages to attract the attention of high number of shoppers and consumers it only keeps their attention on average for 3 seconds. A downside of this element is that it is not very noticeable on the shelf. The ECO box does much better regarding its ability to engage – the shoppers spend 5 seconds and consumers 14 seconds gazing at this communication material, but it takes even longer to spot on the shelf than the Booster box. The Model tube even though it is viewed the least is easiest to spot on the shelves and it captures the attention of the shoppers for 3 second and the children's attention for whole 8 seconds. (*LEGO internal source*, 2014)

The global insights very much confirm the commercial value they bring to the retailers and the manufacturer with a triple digit ROI. (*LEGO internal source*, 2014)

These valuable insights can provide a starting ground for the whole company when considering the use of the above mentioned engagement elements.

However there is a lack of region- and country-specific learnings, which would confirm that it is possible to exactly replicate the solid results from the global level in the CEE region. Therefore the following part of this thesis will focus on the result of a research on the effectiveness of these materials in the CEE region.

4.3 Methods of research

The practical part of this thesis is divided into two parts. First part is based on an empirical study by the author. It analyses in-depth interviews with shoppers based on a series of questions that are aimed at confirming the hypotheses stated in the introduction or proving them false. Via these interviews the author attempts to find out how effectively they communicate to the shopper, the level of noticeability of the materials, their engaging potential, ability to convert the shoppers into buyers and whether the materials are helpful in navigating within the category. The consumer sales data will be observed for trends to indicate whether the materials also make economical sense.

The second part of the practical section will reflect the empirical findings in the context of an analysis of data gathered in a broader research project on the engagement elements by LEGO that was lead by the author. The results of the empirical study and the secondary analysis will be compared and the impact of the differences evaluated in order to draw final conclusions about the effectiveness of the materials.

The methods used in the research project can be divided into qualitative and quantitative parts. Firstly it is the qualitative part of the in-depth interviews according to the discussion guide. Secondly it is the quantitative analysis of the sales data. Furthermore the data from the boarder test will also be analysed; specifically the qualitative outcomes of eye tracking and quantitative exit interviews.

4.3.1 Empirical study methodology

When discussing specifically the engagement elements the purpose was to find out whether they are noticeable or interesting and whether they bring any additional value to the shopper. Two stores with each element plus two control stores without any engagement elements were selected for the research. In the control stores the interviews were focused on finding out if the materials in place were enough or if any additional materials could enhance the presentation. The respondents were taken on a 15 – 20 minutes long shop-along trip and asked a series of questions based on the discussion guide.

The discussion guide was created in line with the hypotheses of this thesis. During the first part of the interview the respondent was asked for a general impression of the LEGO section. Here the goal was to find out whether in-store marketing is an effective platform of communication towards the shopper as proposed in the beginning of this thesis. The shopper was asked to specify if anything engages his or her attention, how they like the whole section and if there is anything that they dislike. This introduction was aimed at starting a natural conversation about the first impressions. It was in line with the assumption that the in-store communication materials engage the shopper and help in navigation within the section.

In the next part of the discussion the shopper was asked about his/her decision-making process and the influences to find out the hierarchy of the possible factors that are part of their purchase decision. In this part of the interview questions such as '*What would you buy in this section? How would you decide what to buy?*' were asked.

The next part of the interview focused specifically on LEGO Nexo Knights section asking if anything engaged the shopper's attention and prompted evaluation of the engagement element in place. The aim of this line of questions was to identify the potential of the element to convert the shopper.

Towards the end of the interview the shoppers were asked to rank all the materials they notice according to the perceived attractiveness. An important question, especially in the control stores, was whether they miss anything in the section that could help them decide. The discussion guide is in APPENDIX 4.

The research was conducted in Prague. The tested engagement elements were the Model tube and the ECO model box. The target group of the study were parents or relatives of boys between the age of 6 and 12 with regards to the tested theme. The focus distribution channel was toy specialist stores. Altogether six representative stores of LEGO's Czech retailer Bambule were selected – Centrum Černý Most, Europark Štěrboholy, Atrium Flora, Arkády Pankrác, OC Krakov and OD Kotva.

In the quantitative part the consumer sales data were analysed in order to ascertain the economical effectiveness of these materials. The data was taken for a four-week period before the test, during and after the test period.

4.3.2 LEGO Nexo Knigts and City research project methodology

In the broader project two research methods were used. Firstly it was eye-tracking method, which is a modern technology that observes eye movements and creates heat maps of viewed areas. Eye tracking results will be reflected to help support the findings form the qualitative interviews. This method opens door to the shoppers' subconscious, it helps to objectively measure the attention and spontaneous response of the shoppers' to the marketing materials (Scott, Green, & Fairley, 2016). Eye tracking was part of the engagement elements test in order to dive deeper in the shoppers' minds and see how efficient the tested materials are in capturing their attention.

In the quantitative part of the study short exit interviews were carried out. These interviews were done with shoppers exiting the LEGO isle. The content of the interviews was designed based on the outcomes of the empirical study in order to find out the scale of the trends discovered in this first part of the whole test. See the quantitative questionnaire in APPENDIX 5. The structure of the questionnaire was divided into recruitment part, where the respondents had to qualify for the questioning (R0 – R5), core questions (Q1 – Q13) and identification part, where demographics of the sample were observed (ID1 – ID5). The questions Q1 – Q3 were aimed at observing the noticeability of the materials, at first unprompted and if no materials were recalled, the shoppers chose the ones they remembered from a series of pictures (prompted recall). Then the level of perceived engagement of the tested material was questioned and whether that helped in conversion and navigation. The last part of the core of the questionnaire (Q11 – Q12) was focused on finding out the weaknesses of the LEGO section and the degree of planning involved in the shopping trip (Q13).

5. The empirical study of the effectiveness of LEGO Nexo Knights POS materials in toy specialists

The ECO model box and Model tube were tested in toy specialist stores in the Czech republic on the LEGO Nexo Knights theme. This fantasy-based theme was launched in January 2016; its primary target group is boys aged 6 to 14. This part of the thesis focuses on the presentation and interpretation of the empirical research results.

5.1 Results of qualitative interviews

The insights gained out of the thirty in-depth interviews conducted clarified two main ideas about the Czech shopper – the hierarchy of the materials used in-store according to the noticeability and helpfulness; and the path to purchase taken by parents or relatives (gift givers).

Another important insight concerns the researched theme. The awareness of LEGO Nexo Knights was very low among the respondents. This newly launched theme has not managed to grab the attention of the consumer yet and that influenced the overall results of the research.

5.1.1. Path to purchase

First the path to purchase that was identified in the interviews will be discussed. The aim is to identify whether and in which phase the in-store has influence. In the theoretical section of this thesis two types of path to purchase of a toy were specified according to The Family Room Strategic Consulting Group (2013). The interviews proved that when it comes to LEGO most of the cases are the short two-step path to purchase as shown in Figure 9. The Family Room Strategic Consulting Group (2013) would identify this process as 'Families in sync'.

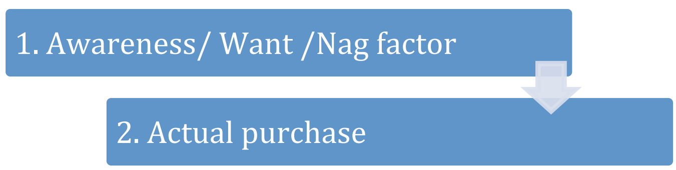


Figure 9 "No need to deliberate" Path to Purchase - Parent

Source: The Family Room Strategic Consulting Group, 2013

However according to the interviews this process gets longer and longer with an increase in price. Major part of the respondents stated that Price plays a very important role in their path to purchase. This aspect would add the step of deliberation to the model path to purchase above.

With parents who are not shopping with their children the purchase process generally starts with the impulse from the child as the key decision making unit. Among the factors influencing the child's decision were most often mentioned TV commercials, TV shows and the possibility to pick a product in the LEGO brand catalogue. In case the awareness of a product coincides with a major occasion (birthday, Christmas) the price does not play such a significant role and the 'no need to deliberate' path to purchase takes place. In two cases more steps on the path to purchase were mentioned: specifically searching for the best price, usually on the Internet: "In case it is a bigger box my wife searches on the internet, she can get it perhaps for 500 CZK less." (Shopper interview, Štěrboholy, 17.2.2016) This was the case of the 'stop and think' path to purchase as shown in figure 10:

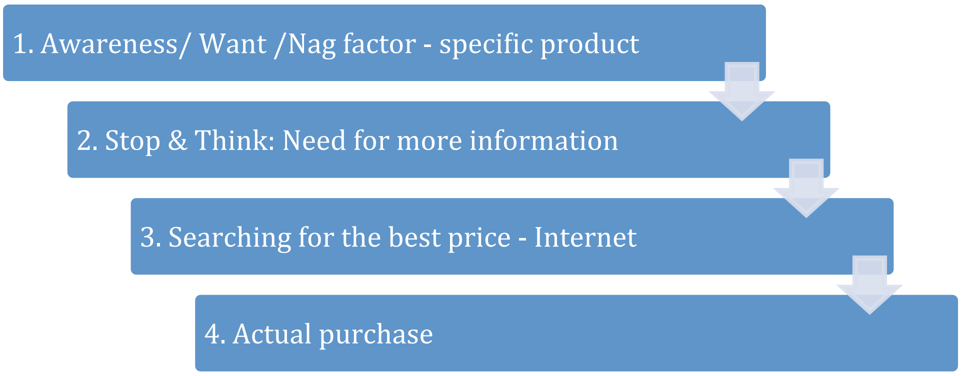


Figure 10 "Stop and Think" Path to Purchase - Parent

Source: Author, based on The Family Room Strategic Consulting Group, 2013

Parents shopping with a child mentioned a very straightforward path to purchase. They become passive and let the child chose for himself. One exception is mothers, who do not wish their sons to play with violent themes and prefer generic construction ones. They would try and steer the child form anything they deem unsuitable.

These findings would indicate that the in-store does not play a major role in the parents' path to purchase. But in case of the child being present in the point of purchase it can be influenced by targeted communication. The researched engagement materials have the consumer as the primary target and therefore have the potential to influence the shopper via the consumer. The interviewees mentioned that the material would surely engage their child's attention. In case the child was aware or fond of the theme in question it would likely desire the displayed toy. As the child is the decision-making unit the desired item would then end up on the shopping list. However the shoppers were also convinced that the materials would not change the child's mind if the theme was unfamiliar.

The gift givers' path to purchase lacks the direct influence of the child. In general the gift givers know the theme the child prefers but decide on the product based on three major decision influences:

- Price
- Attractiveness
- Functionality

The gift givers have usually smaller budget than the parents and therefore look for lower price points. These shoppers often take their decision in-store and therefore can potentially be subject to in-store communication. The information they are looking for are sales promotion signs to purchase at better price, novelty signs to be sure that the purchased present is something the child does not already have and information on how to play with the toy – possible combinations with toys the child already has. Figure 11 describes the gift giver path to purchase identified in the research.

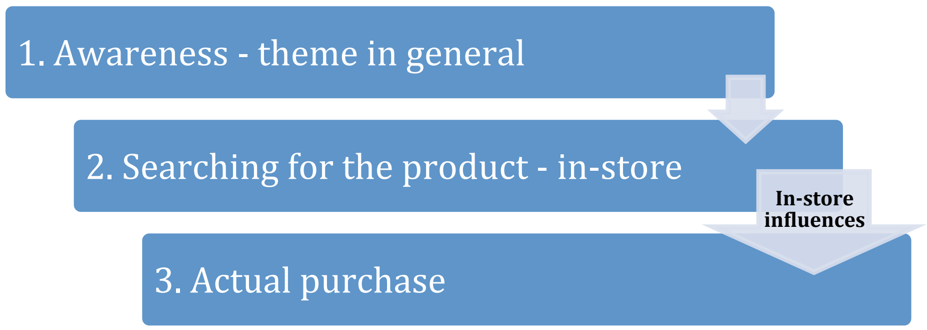


Figure 11 Gift giver path to purchase

Source: Author, based on The Family Room Strategic Consulting Group, 2013

5.1.2 POS hierarchy

The material-specific insights gained from the research are discussed in detail in this subchapter. The materials are further divided into non-engagement and engagement materials. At the end a clear hierarchy of POS tools will emerge.

Non-engagement POS

Considering the vast complexity of toy stores and the amount of communication materials presented in them the shoppers must apply a selective process of taking in the information needed to make a decision. Shopper usually have constrained time and have to decide for an outlet and a brand. The aim of the manufacturer therefore is to make the decision-making process as easy and straightforward as possible. If this is successful the shoppers will be drawn to the section by their need for clear choice. This subchapter discusses how successful LEGO is in making its shoppers' lives easier.

LEGO was in the interviews perceived as a "love brand", the shoppers associated very positive feelings with the products regardless of the fact whether they played with LEGO themselves as children or not. They consider the toys good value, creative gifts that develop the child's imagination and focus. The products are seen as premium but that is in line with the high quality standards. The company is perceived as a traditional manufacturer of high quality toys. This shows a successful communication strategy of LEGO in the Czech republic and its ability to translate the message from the global level to local.

Shoppers find the LEGO section in a toy store easily because of the yellow overhead banner. This POS material was mentioned by half of the shoppers as an in-store navigation tool towards the LEGO section. See picture 5.

Picture 5 Led yellow overhead banner
Source: Author

Second most appreciated material was the novelty shelf talker (picture 6). As LEGO Nexo Nights is a theme that was launched in 2016 the novelty shelf talkers caught the eye of most of the shoppers. A father of a 7 year old boy mentioned that as he knows most of the LEGO universes it is good to see that there is a new theme and that the novelty sign was the first thing he noticed on the shelves (Shopper interview, Flora, February 16, 2016). The others also mentioned the novelty sign frequently during the discussion over the LEGO Nexo Knight section specifically.

Picture 6 Novelty shelf talker
Source: Author

A feature mentioned by all of the respondents was the merchandizing system of the whole LEGO sector in the stores. They very much appreciated the clear division into boys, girls and pre-school categories. This was supported by the colour schemes of the packaging. One of the interviewed mothers said: “I go straight to the darker side, the blue, green and black. Because I know this is for boys.” (Shopper interview, Černý Most, February 15, 2016)

Furthermore as effective tools for navigation within the section the vertical blades (see picture 7), which separate the different themes, were mentioned often. The clear division of LEGO into themes was regarded a great help in the decision-making process.

Picture 7 Vertical blade
Source: Author

Finally when asked what is missing, the respondents most often mentioned the LEGO brand catalogue. Some of the shoppers in the test stores but also in the stores with the Model tube said that they would appreciate to see some of the larger models assembled, as this would make their decision making easier.

Engagement POS

According to the outcomes of the interviews the gift givers were the group most influenced by the engagement elements. They usually come to the store with a general knowledge of what theme the child prefers and what set he already has. But the final decision on what set to buy is made in-store as gift givers lack the direct influence of the child. They belong to a group of semi-planned purchases and therefore have potential to be subject to effective in-store communication.

The parents on the other hand often come to the toy store with a clear idea of what product to buy according to the wish of their child. They are shoppers with highly planned trips and therefore do not take impulse decisions. Parents claimed they would not be significantly influenced by the engagement elements. Only in case of a surprise the parent chooses from the child's preferred theme and may be partially influenced in-store.

Parents entering the store with a child are as stated before passive in letting the child choose. The children notice the engagement elements and may be influenced by them. But an important influence is also familiarity with the theme. If the child is not familiar with the displayed theme, his preferred one is still more tempting. However this group has a large potential for initiating impulse purchases.

Eco model box

The Eco model box was regarded as an attractive engagement element by the shoppers. They appreciated the opportunity to see the real-life model. The fact that the model could be turned inside of the showcase helped them in assessing the price/quantity ratio. At the same time some mentioned that a larger model would be even more tempting: "Maybe there could be a battle scene, like with Star Wars. Then I would choose the big space ship." (Shopper interview, Štěrboholy, 17.2.2016)

In general the material was considered more interesting for children than the shoppers. Movement and lighting made it more attractive and engaging but the box was noticed unprompted by a minority of the respondents. This was mainly because it was placed on a lower shelf that was more visually accessible to children. The added value for the parents/ gift givers was mostly the possibility of seeing the model assembled.

Even though parents did not feel convinced by the Eco model box they admitted it might motivate them to buy a larger set if they saw their child interacting with it. With the gift givers the conversion power of this material was more pronounced. They felt that after seeing the model they would consider the purchase in case the child in question was interested in the particular theme.

Model tube

The Model tube scored lower on attractiveness. The issue was identified as a lack of a story according to the respondents. "There's no action I don't know who's good who's bad. We went to LEGOLAND once and saw larger models where one could see how big the ship is and how to play with it. The good and the bad figures. A story." (Shopper interview, Flora, February 16, 2016) It was described as static and dark, blending in with the rest of the section and therefore incapable of catching the eye in the first moment.

The Tube was more likely to be noticed by the consumers than the shoppers due to its placement at lower shelves and the transparent cover, which caused the shoppers to look through it on the products on shelves rather than at the content of the tube, the assembled models.

This element was however helpful to the shoppers in navigation towards the LEGO Nexo Knights theme within the LEGO segment. The fact that it was placed outside of the shelf made it more visible and differentiated the Nexo Knights section from the other themes.

Only two of the respondents mentioned that seeing the models in the tube may convince them to make a purchase. The displayed models were low price points and therefore the purchase did not require high level of deliberation. These insights indicated a low conversion power of the material.

Table 1 shows the POS hierarchy devised based on the detailed findings form the interviews divided into two categories – navigation capability and overall attractiveness.

Parent		Gift giver	
Navigation	**Attractiveness**	**Navigation**	**Attractiveness**
Overhead banner	Novelty shelf talker	Overhead banner	Sales promotion leaflet
Gender, age merchandizing	Packaging	Gender, age merchandizing	Packaging
Themes division – vertical blades	Eco model box	Themes division – vertical blades	Eco model box
Model tube	Catalogues	Model tube	Novelty shelf talker

Table 1 POS hierarchy, top 4
Source: Author

5.2 Consumer sales data analysis

The flip side of the research was the analysis of the consumer sales data at the tested stores. Considering the insights above the expected trend in sales after implementing the engagement materials would be an upward trend in the displayed SKUs and the theme.

The data were analysed for the period of four weeks before instalment of the engagement elements in the stores, during their placement on the shelves and after the testing period. The analysis was focused on observing the trends in consumer sales; specifically whether there was uplift during the test period. The data of the stores with the engagement elements was compared to the results of the control stores. Basic sales lift measures enable shopper marketers to begin determining how well their campaigns are working and make comparisons across these campaigns. "Controlled tests are a commonly used research approach to measure sales lift in part because they can control for other causals and isolate the incremental impact of specific executions." (GMA Sales Committee, 2014)

The analysis of the data from the retailer proved that these materials are not only an embellishment of the store but also make economical sense. After placing the materials in-store there was a significant sales uplift. In the stores with Eco Model box the sales went up by 75%, stores with model tubes saw a 37% improvement on the displayed theme level compared to the test stores. The results are summarized in table 2 below.

	Eco Model Box	Model Tube	No engagement	Overall impact
Theme uplift	85%	47%	10%	+37-75%

Table 2 Consumer sales uplift
Source: *LEGO internal source*, 2016

5.3 Conclusions of empirical study

The insights gathered will in this part be evaluated on whether they confirm the hypotheses stated at the beginning or if they prove them wrong.

The first assumption of this thesis is that in-store marketing is an effective platform of communication towards the shopper as well as the consumer. This is supported by the findings of the interviews. All of the interviewees were associating the key values LEGO tries to communicate globally with the purchase of a LEGO product – quality, fun, imagination, learning and creativity. When asked about the overall impression of the LEGO section in the stores the responses ranged from good to excellent. There were no negative comments. The LEGO in-store communication was in general considered appropriate, clear, easy to understand and visually pleasing. This proves a successful translation of LEGO's overarching marketing strategy into the retail space.

The second premise on which this thesis builds is that the LEGO engagement POS materials have a positive influence on navigation within a category and consumer engagement. Firstly the navigation aspect was more strongly recognized in other non-engagement materials as identified by the POS hierarchy. However this is not surprizing as the first objective of these materials is not navigation but engagement. Other materials are used for navigation such as the new generation in-store equipment (overhead yellow led signage) or theme dividers. But especially the Model tube was considered a good navigation tool as it was placed outside of the shelf, which made the concerned theme more noticeable. Secondly the consumer engagement power was more prominent with the Eco model box. The shoppers found it more attractive and interactive and considered it a material that the children would respond to well. Therefore the conclusion here is that the materials have positive influence on either engagement or navigation separately and would most likely work even better together.

The third hypothesis is that he LEGO engagement materials help in shopper conversion and have impact on sales. The path to purchase discovered through the interviews suggests that there are three main influences of the material on conversion. Firstly when a parent is purchasing a surprise gift for a child they can be swayed to buy a larger model, when they have the option to see it assembled and evaluate its worth. Secondly the parent may be influence by the child if the engagement element convinces the child that the displayed toy is desirable. Thirdly the gift givers would be motivated to purchase a model that they are able to see and assess its play possibilities. These qualitative results were further confirmed by the analysis of consumer sales data, which proved that after the implementation of the showcases the consumer sales registered a significant uplift.

6. Analysis of LEGO engagement elements test in the Czech republic and Hungary

To understand the outcomes of the empirical study in a broader context, data gathered from the LEGO research project on Nexo Knights that the empirical study preceded will be analysed in this part. Furthermore to gain deeper understanding of the engagement tools the results of a test on a different theme and in a different channel carried out in Hungary will also be included. Both of the research projects were founded in the empirical study and lead by the author of this thesis.

6.1 Specifics of researched countries

Country specifics must be taken into account when considering an international marketing research. The Czech republic and Hungary were selected for this research as representative markets for the CEE region because of their relative maturity, size and density.

There are similar gift giving habits in both countries with Christmas as the most important gifting occasion of the year. Just like in most of the CEE countries Easter, birthdays, Children's day and name days are also important gift-giving occasions. According to the Study on the competitiveness of the toy industry from 2013 the inhabitants of the Czech republic spent 171.03 million euros annually on toys consumption and Hungary 109.8 million euros (ECSIP consortium, 2013).

6.2 Target groups

As the researched themes were Nexo Knights in the Czech republic and City in Hungary the primary research target group was parents of boys between the ages of 6 and 12.

The secondary target group was composed of gift givers, which means other relatives of the consumers such as grandparents, uncles, aunts etc. or acquaintances.

The consumers themselves were not a research target group as one of the goals of the project was to study the impact of the materials on shopper conversion. However the consumers were accounted for as up to 30% of the respondents from the primary target group were accompanied by a child.

6.3 Samples

The sample structure was specified as follows in both countires:

- Do not refuse LEGO brand
- 60% parents of boys who are 6-12 years old
  - Up to 30% accompanied by a child during the eye tracking
  - No more than 50% accompanied by a child during the shopping at exit interviews
- 40% gift givers – relatives/ acquaintances who buy toys for boy (6-12 years old)
- Affinity:
  - 50% Low – buy 0-2 LEGO products per year
  - 50% High – buy 3 or more LEGO products per year

The sample size of the research used for secondary analysis was as shown in the following table:

	Czech republic			**Hungary**		
	2 Stores ECO Box	2 Stores Tube	2 Stores W/O POS	2 Stores Booster +Tube	2 Stores Tube	2 Stores W/O POS
Eye Tracking Camera	20	20	20	20	20	20
Exit Interviews	180	180	180	180	180	180

Table 3 Research sample structure
Source: Author

6.4 The results from LEGO Nexo Knights test in the Czech republic

The test in the Czech republic was carried out in six stores. The stores were divided as follows:

- Contrast stores (no engagement elements):
  - Arkády Pankrác
  - OC Krakov
- Stores with Model tube:
  - Atrium Flora
  - OD Kotva
- Stores with ECO model box:
  - Centrum Černý Most
  - Europark Štěrboholy

6.4.1 Eye tracking

Although insights shared voluntarily by the shoppers are very valuable they only reflect their conscious attitudes and are influenced by rational thinking, just like a lot of people would state that TV advertising does not influence them and may not realize the subconscious influences. Therefore it is also important to look at the results of eye tracking, which give a more accurate picture of what the shoppers pay attention to.

The average gaze length with the Eco box ranged between 1.3 seconds (Štěrboholy) and 4.7 seconds (Černý Most). In the Štěrboholy store the box was noticed by 100% of the shoppers and in Černý Most by 80%. Below there are heat maps showing how well the elements worked (pictures 8 and 9).

Picture 8 LEGO Nexo Knights section Černý Most

Source: LEGO internal source

Picture 9 LEGO Nexo Knights section Štěrboholy

Source: LEGO internal source

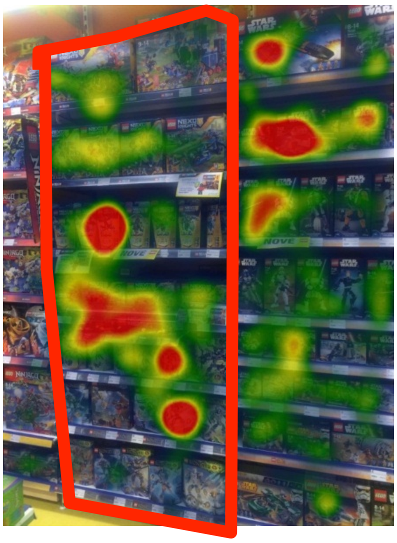
The results from Štěrboholy show that even though the box managed to capture the attention of everyone, none of the shoppers looked at the material for a significant period of time, which may mean a lack of passion or a lack of need for investigation. On the contrary in Černý Most the box worked very well as a focus point on the LEGO Nexo Knights section. (*LEGO internal source*, 2016)

The results of eye tracking in this test are below the average learned from the global insights (5 seconds gaze time).

The Model tube was in both of the stores noticed by 60% of the shoppers and the average gaze times were 3.2 seconds in the Kotva store and 5.3 in Flora (*LEGO internal source*, 2016). Here the times are close to the ones from the global test. The heat maps in pictures 10 and 11 show that at Flora the Tube was the focal point of the LEGO Nexo Knights section but at Kotva it was noticed less than packaging. The possible environmental factors that may have influenced this are discussed later in the chapter.

Picture 10 LEGO Nexo Knights section Kotva

Source: LEGO internal source



Picture 11 LEGO Nexo Knights section Flora

Source: LEGO internal source

In the stores without engagement elements the noticeability of the LEGO Nexo Knights section differed. This was mainly due to the fact that in comparison to Pankrác, in the Krakov store there was a very low number of cardboard-based POS materials. Therefore the section at Pankrác had a very balanced coverge (the whole section was on average observed for 58.5 seconds), but at Krakov the shoppers noticed the whole LEGO Nexo Knights section on average only for 15.5 seconds.

Table 4 gives an overview of the average gaze times and notice rates of the engagement elements across all the stores.

	ECO Model Box		Model Tube	
	Štěrboholy	Černý Most	Kotva	Flora
Average gaze time (s)	1.3	4.7	3.2	5.3
Noticed by	100%	80%	60%	60%

Table 4 Gaze time and notice rate overview
Source: Author

Generally the engagement elements received more attention and held it longer in the cases when a child accompanied the respondents. This is consistent with the premise that these materials are primarily targeted at the consumers.

When considering these results we need to keep in mind that to be statistically significant a larger sample would have to be used. Therefore we can only consider them a deep dive into the respondents mind.

6.4.2 Exit interviews outcomes

The quantitative interviews from the test project (*LEGO internal source*, 2016) show us that the Model tube was noticeable but did not engage attention. At Flora 79% of shoppers recalled (prompted recall) a POS material for Nexo Knights and 56% of shoppers recalled specifically the Model tube. At Kotva the percentage that noticed a Nexo Knights POS material was about a half of the one at Flora, but oft of the ones who did recall it 75% remembered the Model tube. The responses overall proved that the Tube was helpful in navigation within the LEGO section and was appreciated for showing a built model.

Consistently with the results of the eye tracking testing the Eco box in Černý Most proved to be effective. According to the results (*LEGO internal source*, 2016) 55% of the shoppers recalled elements of Nexo Knights communication spontaneously and it engaged the attention of 28% of them. On the other hand the percentages were only 16% and 13% respectively at the store in Štěrboholy. In general the Eco box proved more engaging than the Model tube and it influenced the shopper especially when their child was interested in the element.

When we look at the base of the shoppers that noticed the engagement element in the store we can see the most prominent characteristics of each of them – navigation for the Tube and engagement for the Eco box. Table 5 shows the top most stated reasons why the shoppers considered the elements helpful. The highest percentage of the shoppers considered the added value of the showcases the opportunity to see the assembled product. Consistently with the assumptions made in the empirical study, the second most beneficial feature of the Eco model box was the engagement impact it had on children. Furthermore the premise that the Model tube is helpful in navigation, which was identified in the empirical part, was also reconfirmed here.

	MODEL TUBE	**ECO MODEL BOX**
POS HELPED ME	50%	62%
.... I like the opportunity to see the real product (size, color, shape) or to see its function	41%	41%
... the material has convinced me, that child is interested in this product	8%	**16%**
... the material have made the navigation among particular themes/series easier for me	**17%**	11%

Table 5 Are POS materials helpful? CZ
Source: LEGO internal source

A very important message is how many of the shoppers were actually motivated by the communication material to purchase a LEGO Nexo Knights product. Here we can compare the number of those who noticed the materials and then purchased a product against the number of those purchased a product without noticing the materials. When it comes to the Model tube the number is higher but the difference is not statistically significant. However the number of shoppers who noticed the Eco model box and purchased a product is more than twice as large as the number of those who purchased without noticing the engagement elements (*LEGO internal source*, 2016). This shows that when noticed the Eco model box has the power of conversion. See table 6.

	Model Tube	Eco Model Box
THOSE WHO HAVE NOT NOTICED POS & PURCHASED NEXO KNIGHTS	3.0%	4.3%
THOSE WHO HAVE NOTICED POS & PURCHASED NEXO KNIGHTS	3.8%	9.2%
Increase	26%	**114%**

Table 6 Conversion power on engagement elements
Source: LEGO internal source

A deep dive into the sample reveals even more. When we look at the different affinity levels we see that the opportunity to see the real product is more valuable to the low affinity shoppers. In the study (*LEGO internal source*, 2016) they mentioned this particular reason 10% more often than the high affinity group. High Affinity LEGO fans more often know the exact product or at least the theme before entering the store (70% vs. 59%). On the other hand, 28% of Low Affinity LEGO users decide in store. But the most important influence of the materials that was statistically significant among the high affinity shoppers was the conversion ability. In 17% of the cases they admitted that the observed engagement element convinced them to purchase the product.

6.4.3 Interpretation of outcomes from LEGO Nexo Knights test in toy specialist stores

When interpreting the all the outcomes of the test it is important to take a holistic approach. It is not enough to only look at the end results; we have to look at all the possible factors that may have influenced them. In this particular case the identified influences were awareness, placement, functionality, synergies and consistency.

The test in the Czech republic was influenced by the awareness of the LEGO Nexo Knights theme. It was launched only two months before the test, which meant that many of the consumers and the respondents by extension were not yet as aware of the theme as they were of other ones such as LEGO City or LEGO Star Wars. The consumers are the decision-making unit in a majority of cases when it comes to a purchase of a toy. Therefore when the decision-making unit is not aware of the theme and does not desire the product the shoppers will pay less attention to the section dedicated to this theme and less attention to any of the communication materials.

The next important influence is functionality. If the engagement elements are supposed to really capture the shopper's / consumer's attention they need to work properly. This challenge was highlighted previously in the text. As Silveira (2014) says, the need for good alignment with the retailer and the training of the staff in the stores are crucial in order for the communication campaign to be implemented successfully. During the test in the store in Štěrboholy, the Eco model box had some functionality issues that may have caused lower effectives in engaging the attention of the respondents.

It is general knowledge that the position of an item on a shelf very much impacts the visibility and thereby the attention it receives. The engagement elements were mostly placed in the eyelevel of a child. Therefore the shoppers' primary field of vision was elsewhere. Furthermore it is also the placement of the materials within the context of the whole store that needs to be considered. At Flora the Tube was placed in a fairly narrow isle and therefore acted as a hindrance in some cases. That caused a higher visibility but at the same time there is a threat of negative perception. At Kotva on the other hand the Tube was placed outside of the main store traffic and this was reflected by lower rate of recall of the material among the respondents.

Finally a very significant influence proved to be synergy. It was most prominent in the test at Černý Most. Besides the Eco model box there was a Nexo Knights Micro show in the store in proximity of the Nexo Knights section. One of the eye tracking videos showed how the shopper accompanied by a child first sees the Micro show and this then leads her to the section with the Eco model box to which the child consequently pays a lot of attention while the shopper scans the products and price-tags. Similar effect could be observed in one of the test stores – Arkády Pankrác. The cardboard-based POS material for the Nexo Knights theme at this store created a straight path towards the section without major disturbances and communicated the content of the campaign clearly. That resulted in a balanced perception of the Nexo Knight section by the shoppers as shown by the heat maps on picture 12.

Picture 12 Heat maps of Arkády Pankrác store
Source: LEGO internal source

This store also highlighted another important aspect of the communication campaign – consistency of the focus. In the Pankrác store the main focus was on communication of the LEGO Nexo Knights theme and this was reflected in the feedback from the respondents. Štěrboholy was however a different story as there was a LEGO Star Wars theme Micro show on the shop floor, which acted as a distraction from the LEGO Nexo Knights communications. There was a certain inconsistency in the in-store communication at Štěrboholy and that was reflected in the average or below-average results of the engagement elements placed there.

6.5 The results from LEGO City test in Hungary

The Booster box was tested in Hungary. As this material is a space-wise smaller solution it is suitable for channels such as hypermarkets that do not generally allow as much shelf space for in-store marketing material but prefer to have a lot of merchandise on their shelves. Therefore the box was tested in a hypermarket chain Auchan. Here again six stores were selected in the capital Budapest. The structure of researched stores was similar to the one in the Czech republic:

- Contrast stores (no engagement elements):
  - Auchan Budakalász
  - Auchan Törökbálint
- Stores with Model Tube and Booster Box:
  - Auchan Dunaketzi
  - Auchan Soroksár
- Stores with Model Tube:
  - Auchan Csömör
  - Auchan Solymár

Picture 13 depicts the solution tested in Hungary – Booster box and again Model tube:

Picture 13 LEGO City Booster box and Model tube
Source: LEGO Internal source

The model boxes were tested with a different theme than in the Czech republic. In Hungary it was one of LEGO's core themes aimed at boys between the ages 5 and 12 – LEGO City.

6.5.1 Eye tracking

Lego section in a hypermarket has a very different context from toy specialist stores. Respondents tended to look at the products from a relative distance. Only when something attracted their attention they came for closer look. Also a physical interaction with the products is low (taking the product off the shelf) and the average time spent in the LEGO section was 7 minutes and 8 seconds, which is quite short (*LEGO internal source*, 2016). This is understandable though as hypermarkets are not a primary destination for toy shopping.

According to the test results (*LEGO internal source*, 2016) the Booster box held the attention of the shoppers for 3 seconds on average (2,8 in Aucha Dunakeszi and 3,3 in Soroksár), which exactly confirms the insights from the global studies on this engagement material. The Model tube was below the global average of 3 seconds in Auchans Solymár and Csömör (only Model tube) but above the average by one second Dunakeszi and Soroksár (Model tube + Booster box), which is once more a confirmation of the positive synergic effect of consistent in-store communication. In all stores (except for Solymár) LEGO City has been the most visible theme, compared to the Czech republic where the LEGO Nexo Knights theme performed below the average. This is a proof of the importance of awareness of the theme among consumers and shoppers.

Model tube and Booster box

The entire section was fairly uniform and nothing prominent attracted the shopper's attention. The eye tracking test results (LEGO internal source, 2016) show that for example in Auchan Soroksár the Booster box was less or about as visually appealing as the LEGO packaging. Model Tube has also been registered but did not engage much attention. As the heat map on picture 14 shows, fields of heavier focus are mainly smaller boxes as shoppers in hypermarkets generally look for lower price points.

Picture 14 Auchan Soroksár heat map
Source: LEGO internal source

The heat map in Auchan Dunakeszi (picture 15) is more alive with red colour, which signifies a higher level of engagement. But again the model boxes were being noticed with approximately the same level of attention as the products.

Picture 15 Dunakeszi
Source: LEGO internal source

Model tube

The results of the test (*LEGO internal source*, 2016) show that the Model tube on its own was registered but for a very short time and did not manage to hold the interest of the shopper. This can be seen on the heat maps on picture 16)

Picture 16 Auchans Csömör and Solymár heat maps
Source: LEGO internal source

The Model tube without a connection to another material does not seems to work that well. Also it was placed very low in an area to which the shoppers did not pay as much attention. Both of these aspects are worth to consider when planning an in-store marketing communication campaign in order to avoid wasting resources.

No engagement POS

Building on this point, when we look at the heat maps from Törökbálint and Budakalász (picture 17) it is evident that the LEGO City theme gets good attention coverage even without having the Model tube as part of the section. These results put the effectiveness and usefulness of one minor engagement element per section into question.

Picture 17 Auchans Törökbálint and Budakalász heat maps
Source: LEGO internal source

6.5.2 Exit interviews outcomes

The Hungarian test results (*LEGO internal source*, 2016) prove that spontaneous awareness of any LEGO City POS was the same in stores with the Tube or stores with both the Tube and the Booster box as well as in stores without any engagement elements. That indicates that none of the materials was powerful enough to stay in the shoppers' mind in order for them to spontaneously recall it. Prompted awareness of the Tube or the Booster box is higher among shoppers in stores with both of the materials. The synergy effect comes into the picture here again. This is further reflected in the conversion difference among the stores. The number of respondents who purchased a LEGO City item is twice as large in the stores with both model boxes as in the ones where only the Tube was installed.

The comparison of the number of shoppers who noticed the POS and purchased a LEGO City product against the base of those who purchased without noticing yields a substantial uplift: the numbers triple.

In general the respondents would not remove anything neither did they miss anything (*LEGO internal source*, 2016). If so, it was mainly in the stores without any engagement materials. Some of them would also appreciate the LEGO catalogue. The shoppers in the stores with both engagement elements did notice the material but did not pay too much attention to it. Shoppers in stores with only the Tube shoppers had the tendency to overlook it.

As table 7 shows overall a combination of the engagement elements was perceived better than just the Model tube. According to the table the main advantage mentioned by the respondents was the possibility to see assembled models. Interestingly the navigation power of the models was more than three times stronger in stores with both model boxes on the shelves.

	MODEL TUBE	**BOOSTER BOX + MODEL TUBE**
POS HELPED ME	62%	69%
…. I like the opportunity to see the real product (size, colour, shape) or to see its function	**43%**	**53%**
… the material has convinced me, that child is interested in this product	11%	12%
… the material have made the navigation among particular themes/series easier for me	7%	**24%**

Table 7 Are POS materials helpful? HU
Source: LEGO internal source

When we deep dive into the results (*LEGO internal source*, 2016) looking through the perspective of affinities we can see unsurprisingly that low affinity shoppers decided for purchase half as often as the high affinity shoppers. But the interesting insight we can observe here is the levels of interaction and engagement. The results show that the high affinity shoppers seemed to notice the materials more often (by 3%) and pay them more attention (by 4%). This is interesting especially with respect to the decision-making process as according to the results the high affinity LEGO shoppers tended to have an exact theme in mind before entering the store (HA 21% vs. LA 13%). And 45% of the low affinity shoppers (vs. HA 36%) admitted to deciding on the exact product only in the store. This indicates that high affinity shoppers are more straightforward in their path to purchase and it would therefore be expected of them to pay less attention to any communication materials in-store. That proved to be true in toy specialist stores in the Czech republic but in hypermarkets they seem to pay as much or even more attention to the materials than the low affinity shoppers.

6.5.3 Consumer sales data analysis

The Booster box has a positive influence on sales. It can have the power to double the number of products sold when executed properly. In Hungary however the analysis of the consumer sales data did not prove a statistically significant uplift. In the next part the possible reasons of this will be discussed.

6.5.4 Interpretation of outcomes from LEGO City test in hypermarkets

Overall the Hungarian test proved that the materials work best when used together. Therefore it would be worth to consider whether it make sense to place solitary materials on shelves. As they do not seem have that much impact on their own it may be better to just use cardboard-based materials in stores that do not have a very high traffic and turn out average sales. The resources freed there could be used to intensify the communication and engagement in more strategic stores. Thereby the communication in these stores could leverage the synergic effect of the materials, which is one of the most prominent findings of both the Czech and the Hungarian tests.

Furthermore proper execution should be stressed. Just like in the LEGO Nexo Knights test any lapses in correct use of the materials have consequences impacting their effectiveness. Here again it is important to align with the retailer and the staff executing the campaigns in-store if the communication is to be successful.

Another important part is to take the respective channel into consideration when designing not only the campaign but also the merchandizing strategy. In hypermarkets shoppers are more likely to look for low and medium price points and this should be reflected in the available assortment as well as in the marketing communication promoting this assortment.

Finally when the used materials do not seem to work as well as desired, it could be appropriate to reinvent their concept. As mentioned before, innovation is a vital part of in-store marketing. The Booster box was criticised by the shoppers for low visibility and lack of engagement aspects. This may mean that LEGO should look at this particular solution and reconsider its design in order to make it more visible as well as appealing to the shopper and the consumer. See picture 18.

Picture 18 LEGO City Booster box
Source: LEGO internal source

Similarly this affects the Model tube. It is perceived as a good tool for navigation between the themes. But to make it more valuable for the shopper it should make the selection of the product easier. A straightforward solution would be including more shopper communication: not merely show the models but also clearly state their price, name any other information the shoppers are looking for. This would enable the shopper to decide on the spot whether he or she considers the product to be worth buying.

6.5.5 Comparison of outcomes across countries and channels

The two main differences between the tests in the Czech republic and Hungary were firstly the channel and therefore the context in which the shoppers were observed and secondly the features of the larger engagement elements tested.

The most pronounced inconsistency between the researches was the results regarding the Tube. It worked somewhat better in Hungary than in the Czech republic. There are two likely reasons for that: synergy and content. Synergy of two or more engagement elements as mentioned above helps in visibility of these materials. In Hungary the tube was tested in a pair as well as alone whereas in the Czech republic the tube was only tested as a solitary element. This seems to be one of the influences behind the more solid results in Hungary.

The other reason is the content of the material – the LEGO City model tube contained three assembled models that gave the space for imagination and conveyed a story from the LEGO City universe. While the LEGO Nexo Knights tube contained only four types of minifigures, which part of the audience found unexciting or even disappointing. This shows that the content of the model boxes is just as important as the outer characteristics of the engagement element. LEGO should therefore consider the engaging power of the models it decides to put inside its showcases. Judging by the outcomes of this test they should be preferably novelty products and the arrangement should tell some sort of story and show action in order to be interesting for its target audience. This seems especially important for a newly launched theme like LEGO Nexo Knights. When the shoppers/consumers are not very familiar with a new theme there is a lot of pressure on introducing and explaining the theme to them. Using merely the minifigures without any back-story does not seem like a good choice for a communication material of a newly launched theme.

Picture 5 Model tubes
Source: LEGO internal source

On the other hand there were two important findings consistent across both countries and both types of channels. They were the importance of correct implementation and the synergic effect of larger numbers of communication materials. First of all the manufacturer can create a potentially effective campaign but if he does not manage to translate it appropriately to the retailer much of the effectiveness and the content can be lost before it reaches the shopper. Therefore it is of the utmost importance to have staff (such as sales representatives) that are trained in shopper marketing. Only then can the concepts reach the target audience successfully and the way they are intended to.

Secondly the results have proven that the effectiveness of the communication materials (cardboard-based or engagement) exponentially increases when they are used in a consistent manner and refer to each other in a logical chain. An often-cited marketing rule says ‘Sometimes less is more’, which is definitely the case when we talk about different lines of communication. As we saw in the Czech test, when there were too many themes intensively communicated at one place, the materials acted as a distraction from each other. Saying that we also need to add 'Too little is not enough' with respect to the results of the Hungarian test. Indeed the use of just one type of engagement material proved to be about as attractive to the shoppers as not using any. This should be considered a call for re-evaluation of efficient use of resources.

The resources freed by avoiding investment where it does not return can be used in implementing innovative solutions. It seems that innovative approach should be taken in the case of the Booster box. Compared to the results of the Eco model box it has space for improvement. The main disadvantage of the Booster box was low visibility. There are two possible solutions to this issue. Either the box should be modified in a way that there would be some internal lighting, making it more noticeable and interesting or it should be placed outside of the shelf similarly to the Model tube, which would make it both prominent in the section and solve the inside visibility challenge. Furthermore regarding its content the need for a story and action applies here too in order to make the display more attractive.

Table 8 summarizes the quantitative results across the countries. We can clearly see that overall the best result had the materials used in a combination. They were found more attractive and helpful. The material that had the strongest influence on conversion was the Eco model box. The Tube proved to be a tool for shopper navigation and it worked especially well when combined with the Booster box.

	Czech republic		**Hungary**	
	MODEL TUBE	ECO MODEL BOX	MODEL TUBE	BOOSTER BOX + MODEL TUBE
POS HELPED ME	50%	62%	62%	**69%**
.... I like the opportunity to see the real product (size, colour, shape) or to see its function	41%	41%	**43%**	**53%**
... the material has convinced me, that child is interested in this product	8%	**16%**	11%	12%
... the material have made the navigation among particular themes/series easier for me	**17%**	11%	7%	**24%**

Table 8 Comparison of results across countries
Source: Author

Conclusion

This thesis set out to find out how well LEGO manages to communicate to its shoppers and consumers via the platform of the in-store. The focus was on the effectiveness of engagement elements in the context of the CEE region. The hypotheses within the primary objective this thesis attempted to verify were:

1. In-store marketing is an effective platform of communication towards the shopper as well as the consumer:
   i) LEGO engagement POS materials communicate the core messages of quality and creative play to the shopper.
   ii) LEGO engagement POS materials have a positive influence on navigation within a category and on consumer engagement.
2. The materials help in shopper conversion and have positive impact on sales.

Overall the functionality of the materials was confirmed as proposed in the hypotheses, however in practice there are several disproportions that are discussed below.

The first hypothesis was primarily confirmed by the study of relevant literature. The vast research done in the field of shopper marketing points to the fact that the retail space is indeed a very effective medium of communication to the customer. Provided the marketers manage to address the specific needs of modern shoppers they can benefit from the large potential the retail space has. Furthermore sub-hypothesis 1i was successfully verified in the empirical study – the interviewed shoppers understood the core messages of LEGO. The values of quality and creativity were translated comprehensively enough for the shoppers to associate them with the LEGO brand and products. Even though the price sensitive Czech shoppers considered the cost of LEGO products above the average, in their minds it was in line with the quality and value of the toys. They considered the products creative and educative. Hypothesis 1ii was confirmed partially in each of the researched elements. The Model tube was found to perform better in navigation especially in combination with other elements. On the other hand in engagement the Eco model box was more successful.

The tested materials are on-shelf solutions and in order for the retailers to be interested in placing them on their shelves instead of more merchandise, the showcases ought to be able to turn latent demand into purchase, thereby proving their economical efficiency. This was the second hypothesis of this thesis. It was verified by consumer sales data analysis. The materials exhibit positive to strong impact on sales in the case of the Model tube and Eco model box; there is a weaker (but still positive) evidence of sales impact of the Booster box.

A secondary objective of this thesis was to identify the importance of the engagement materials in the context of other LEGO in-store communication materials. This was achieved by identifying the POS material hierarchy in the empirical study. The Eco model box scored well on attractiveness with both the parents and the gift givers and the Model tube was consistently appreciated for its navigational power. At the same time other non-engagement POS materials were evaluated better than these material on both navigation (Overhead banner) and attractiveness (novelty shelf talker and sales promotion leaflet). This was however not unexpected as the primary target group of the engagement materials are consumers, not shoppers.

Through the comparison of the outcomes from the empirical study with the outcomes of the broader LEGO engagement elements test several areas that should be considered for improvement became obvious. These challenges are addressed by a set of following recommendations.

When we look at the two different channels there are some important differences in the expectations of the shopper. Therefore in toy specialist stores larger models should be assembled and shown in the showcases. The shoppers' expectations are higher in this channel and they want to see more premium presentation of the products. On the other hand in hypermarkets LEGO should focus on displaying lower price points in the model boxes, as this is in general not a channel where the shopper comes with the primary goal of purchasing a toy. There is a higher likelihood of impulse purchase of the lower price points.

Space for improvement in the visibility of the engagement materials was identified. The theoretical part discussed in detail that it is mainly size, colour and light, which attract the shopper's attention. As mentioned before in the case of the Booster box, light was the main issue. Burke and Leykin (n.d.) were cited on the fact that the visual characteristics of the surroundings of the target stimulus also have a major impact on the shopper's ability to spot an object. LEGO should reconsider the colour schemes of its engagement elements, which on one hand correspond with the theme they are part of but on the other hand end up blending in with the surroundings.

An important finding of this thesis is how the effectiveness of the engagement elements increases when used in combinations. LEGO should take advantage of the synergic effect these materials have. Using only Model tube had very little impact according to the outcomes of eye tracking and quantitative interviews, therefore it is important to focus on key outlets and intensify the communication there. In retail stores with lower footfall and sales it may be enough to use a basic communication package such as cardboard-based materials.

To further increase the navigational and informational power of the engagement elements more shopper communication should be part of materials. Price tags and product specification are the important information the shoppers will look for. This concerns especially the Model tube where several products are displayed. There should also be a connection from the in-store materials to the online. Being connected to LEGO's omnichannel strategy could enhance even the larger elements. As highlighted in the theoretical part of this thesis, the shoppers and consumers are nowadays much more present on the Internet. The link between the in-store communication materials and the online world should therefore be obvious.

The material-specific findings and recommendations are summarized in table 9 below.

	MODEL TUBE		BOOSTER BOX		ECO MODEL BOX
+	Higher visibility	+	Increases POS visibility (in combination with model tube)	-	Average visibility (blends in the shelf if not lit up)
-	Lower to no engagement	-	Lower engagement	+	Higher engagement
+	Positive impact on sales	?	Impact on conversion in combination (increased in stores with Booster and Tube)	+	Strong impact on sales
Recommendation	Use in combination with other engagement materials		Innovate – increase visibility and attractiveness		Improve – increase visibility and engagement

Table 9 Findings and recommendations
Source: Author

There was one prominent limitation of this study. In the empirical research, the children were only accounted for by second-hand insights from their parents or relatives and in the broader test 30% of respondents were merely accompanied by a child. That however does not portray the whole picture. For further research, it may be advisable to test the materials with the consumers to also understand their point of view.

References

1. A digital journey at LEGO. (2016, April 5). Retrieved 9 July 2016, from https://video.twentythree.net/a-digital-journey-at-lego
2. Bailey, M. (2016). Moms Spending Big Money On Connected Toys For Their Kids. Retrieved 30 April 2016, from http://www.mediapost.com/publications/article/269365/moms-spending-big-money-on-connected-toys-for-thei.html
3. Brand Finance. (2016). Brand Finance - Lego Overtakes Ferrari as the World's Most Powerful Brand. Retrieved 14 August 2016, from http://brandfinance.com/press-releases/lego-overtakes-ferrari-as-the-worlds-most-powerful-brand/
4. Burke, R. R. (2005). *Retail Shoppability: A Measure of the World's Best Stores*. Retail Industry Leaders Association. Retrieved 14 May 2016, from http://kelley.iu.edu/Faculty/Marketing/rayburke/publications/Shoppability_C.pdf
5. Burke, R. R., & Leykin, A. (n.d.). *Identifying the Drivers of Shopper Attention, Engagement, and Purchase*. Bloomington: Indiana University. Retrieved 4 August 2016, from http://www.eyetechds.com/uploads/4/7/3/0/47308795/rmr_2014_shopperattentionengagementpurchase.pdf
6. Campbell, S. (2014, September 4). Lego trumps Mattel to become world's top toy maker. Retrieved 30 April 2016, from http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11074967/Lego-trumps-Mattel-to-become-worlds-top-toy-maker.html
7. Clark, B. (2015, November 28). Here's why privacy experts are concerned about Mattel's new Hello Barbie. Retrieved 28 April 2016, from http://thenextweb.com/insider/2015/11/28/are-connected-toys-just-a-ruse-to-gather-marketing-data/
8. Confino, J. (2012, March 19). Why responsible advertising to children should be top of the agenda. Retrieved 30 April 2016, from http://www.theguardian.com/sustainable-business/unilever-responsible-advertising-children-onslaught-film
9. Coughlan, S. (2016a, January 26). Time spent online 'overtakes TV' among youngsters. Retrieved 30 April 2016, from http://www.bbc.com/news/education-35399658
10. Coughlan, S. (2016b, February 9). Safer Internet Day: Young ignore 'social media age limit'. Retrieved 1 May 2016, from http://www.bbc.com/news/education-35524429
11. CSC. (2015). NEXT GENERATION IN-STORE TECHNOLOGY: Where do Shoppers and Retailers Stand? Retrieved 10 April 2016, from /story/55ee93d8bbfd077f2d4e22ee
12. Deloitte. (2007). *Shopper Marketing: Capturing a Shopper's Mind, Heart and Wallet*. Retrieved 12 May 2016, from https://www.gmaonline.org/downloads/research-and-reports/shoppermarketing.pdf
13. ECSIP consortium. (2013). *Study on the competitiveness of the toy industry*. Rotterdam.

14. Egol, M., Sarma, R., & Sayani, N. (2013). *Reimagining shopper marketing: Building brands through omnichannel experiences*. Booz & Company.
15. Ferrell, O. C., & Hartline, M. D. (2011). *Marketing Strategy*. South-Western Cengage Learning.
16. Fisher-Price®. (2016). *The Future of Parenting | Fisher-Price*. Retrieved 11 March 2016, from https://www.youtube.com/watch?v=2BPidRZ_F5Y&feature=youtu.be
17. Frost, P. (2015, July 29). The Marketing Funnel Is Dead; New Consumer Path to Purchase. Retrieved 13 August 2016, from http://www.practicalecommerce.com/articles/117365-the-marketing-funnel-is-dead-the-new-consumer-path-to-purchase
18. GMA Sales Committee. (2014). *Shopper Marketing 3.0: Unleashing the Next Wave of Value*. Retrieved 24 April 2016, from http://www.strategyand.pwc.com/media/file/GMA_Shopper-marketing-3.pdf
19. Goldman Getzler, W. (2016, February 26). Study looks at the robust (and rich) online influencer generation. Retrieved 20 June 2016, from http://kidscreen.com/2016/02/26/study-looks-at-the-robust-and-rich-online-influencer-generation/
20. Harris, B. (2012). Bringing shopper into category management. In M. Stahlberg & V. Maila (Eds.), *Shopper marketing: how to increase purchase decisions at the point of sale* (2nd ed, p. 275). London; Philadelphia.
21. Harris, M. (2016, March 29). Will smart toys make parents lazy? *The Guardian*. Retrieved 13 May 2016, from http://www.theguardian.com/sustainable-business/2016/mar/29/smart-toys-lazy-parents-internet-of-things-hello-barbie
22. Holmes, L. (2014). *The Path to Purchase Implementing a consumer buying behaviour model*. Euromonitor International.
23. Hui, S. K., Bradlow, E. T., & Fader, P. S. (2009). Testing Behavioral Hypotheses Using an Integrated Model of Grocery Store Shopping Path and Purchase Behavior. *Journal of Consumer Research*, *36*(3), 478–493. Retrieved 14 April 2016, from http://doi.org/10.1086/599046
24. ING. (2014). *Learning young: Does pocket money teach savings habits for life?* Retrieved 9 July 2016, from https://www.ezonomics.com/ing_international_surveys/pocket_money_2014/
25. Intel Free Press. (2011, December 6). Augmented Reality Brings 3-D to Retail. Retrieved from http://www.intelfreepress.com/news/augmented-reality-brings-3-d-to-retail/180/
26. Johnsen, M. (2014, May 2). Report: Walgreens piloting iBeacon across several Duane Reade stores. Retrieved 10 April 2016, from http://www.drugstorenews.com/article/report-walgreens-piloting-ibeacon-across-several-duane-reade-stores
27. Johnson, L. (2014, May 2). Walgreens launches iBeacon pilot to bolster coupon personalization. Retrieved 14 July 2016, from http://www.mobilecommercedaily.com/walgreens-tests-ibeacon-to-bolster-mobile-coupon-personalization-awareness

28. Klara, R. (2013, April 15). Lego's Consistency Has Been the Key to Its Success. Retrieved 6 July 2016, from http://www.adweek.com/news/advertising-branding/legos-consistency-has-been-key-its-success-148553
29. Klara, R. (2014, May 25). Beyond the Grocery Smart Cart, the iBeacon Beckons. Retrieved 10 April 2016, from http://www.adweek.com/news/advertising-branding/beyond-grocery-smart-cart-ibeacon-beckons-157946
30. Kramer, J. (2012). Making your brand part of a shopper solution. In M. Stahlberg & V. Maila (Eds.), *Shopper marketing: how to increase purchase decisions at the point of sale* (2nd ed, p. 275). London; Philadelphia.
31. LEGO Facebook page. (2016). LEGO. Retrieved 14 June 2016, from https://www.facebook.com/LEGO/
32. *LEGO internal source*. (2014).
33. *LEGO internal source*. (2016).
34. Link Humans. (2015, January 28). How LEGO Uses Social Media [CASE STUDY]. Retrieved 16 July 2016, from http://linkhumans.com/case-study/lego
35. Livingstone, S. (2016, February 29). What are pre-schoolers doing with tablets and is it good for them? Retrieved 10 July 2016, from http://blogs.lse.ac.uk/parenting4digitalfuture/2016/02/29/what-are-pre-schoolers-doing-with-tablets-and-is-it-good-for-them/
36. Machková, H., Král, P., & Lhotáková, M. (2010). *International Marketing*. Praha: Nakladatelství Oeconomica.
37. Mattel. (2016). Hello Barbie: About The Product. Retrieved 10 April 2016, from http://hellobarbiefaq.mattel.com/about-hello-barbie/
38. Noble, S. (2010, December 8). It's Time To Bury The Marketing Funnel. Retrieved 13 August 2016, from http://www.forbes.com/2010/12/08/customer-life-cycle-leadership-cmo-network-funnel.html
39. Nudd, T. (2016, March 23). Fisher-Price's Delightful Concept Video Imagines the Tech-Heavy, Screenless Toys of 2025. Retrieved 14 April 2016, from http://www.adweek.com/adfreak/fisher-prices-delightful-concept-video-imagines-tech-heavy-screenless-toys-2025-170362
40. Nylund, B. V. (n.d.). Marketing and advertising to children: the issues at stake. *The Guardian*. Retrieved 9 April 2016, from http://www.theguardian.com/sustainable-business/marketing-advertising-children-issues-at-stake
41. Papachristos, A. (2016, January 4). Retail Customer Engagement | 1to1 Media. Retrieved 17 July 2016, from http://www.1to1media.com/view.aspx?docid=35637
42. Pincott, G. (2012). Point of view on shopper marketing. In M. Stahlberg & V. Maila (Eds.), *Shopper marketing: how to increase purchase decisions at the point of sale* (2nd ed, p. 275). London; Philadelphia.
43. POPAI. (2014). *Mass merchant shopper engagement study*. Chicago. Retrieved 10 July 2016, from http://www.popai.com/Research%20Library/popai-mass-merchant-shopper-engagement-study.pdf

44. Rafe, R. (2016). *Turning Shoppers into Buyers: The truth behind shopper decisions made in store*. Retrieved 12 April 2016, from http://www.wpp.com/wpp/marketing/branding/turning-shoppers-into-buyers/
45. Rawal, P. (2013). AIDA Marketing Communication Model: Stimulating a purchase decision in the minds of the consumers through a linear progression of steps. *IRC'S INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SOCIAL & MANAGEMENT SCIENCES*, *1*(1).
46. Richard K. Miller & Associates. (2013). *Consumer behavior 2013*. Loganville, GA: Richard K. Miller & Associates. Retrieved 12 May 2016, from http://library.webster.edu/dwnld/ConsBeh2006.pdf
47. Schwartz, B. (2007). *The Paradox of Choice: Why more is less*. HarperCollins Publishers.
48. Scott, N., Green, C., & Fairley, S. (2016). Investigation of the use of eye tracking to examine tourism advertising effectiveness. *Current Issues in Tourism*, *19*(7), 634–642. http://doi.org/10.1080/13683500.2014.1003797
49. Shankar, V. (2011). *Shopper Marketing (MSI Relevant Knowledge Series)* (First edition). Marketing Science Institute.
50. Silveira, P. D. (2014). Exploring Shopper Marketing Approach Implications On Brand Communication At The Point-Of-Purchase: An Expert's Opinion Qualitative Study, *30*(5).
51. Sommer, D. (2012). Integrated communications planning for shopper marketing. In M. Stahlberg & V. Maila (Eds.), *Shopper marketing: how to increase purchase decisions at the point of sale* (2nd ed, p. 275). London; Philadelphia.
52. Ståhlberg, M. (2012). Increasing shopper marketing profitability with innovative promotions. In M. Stahlberg & V. Maila (Eds.), *Shopper marketing: how to increase purchase decisions at the point of sale* (2nd ed, p. 275). London; Philadelphia.
53. Sweet, E. (2012, December 21). Gender-Based Toy Marketing Returns. *The New York Times*. Retrieved 12 May 2016, from http://www.nytimes.com/2012/12/23/opinion/sunday/gender-based-toy-marketing-returns.html
54. The Family Room Strategic Consulting Group. (2013). *Toy & Game Family Decision Making Study*. Retrieved 28 July 2016, from https://www.toyassociation.org/App_Themes/tia/pdfs/resources/reports/FamilyDecisionMaking-WhitePaper.pdf
55. The Grocery Manufacturers Association, & Booz & Company. (2011). *Shopper Marketing 5.0: Creating Value with Shopper Solutions*.
56. The Hartman Group. (2012, December 11). The New Path to Purchase: Meet the Constant Consumer. Retrieved 13 August 2016, from http://www.hartman-group.com/hartbeat/453/the-new-path-to-purchase-meet-the-constant-consumer
57. The LEGO Group. (2015a). *THE LEGO GROUP RESPONSIBILITY HIGHLIGHTS 2014*. Retrieved 13 June 2016, from http://www.lego.com/en-us/aboutus/responsibility/our-aspirations

58. The LEGO Group. (2015b). *The LEGO Group Responsibility Report 2015*. Retrieved 24 July 2016, from http://www.lego.com/en-us/aboutus/lego-group/annual-report
59. The LEGO Group. (2016a). COMMUNICATING WITH CHILDREN. Retrieved 13 May 2016, from http://www.lego.com/en-us/aboutus/responsibility/responsibilityreport2014/impactofthebrick/communicating-with-children
60. The LEGO Group. (2016b). THE LEGO® BRAND. Retrieved 13 August 2016 http://www.lego.com/en-us/aboutus/lego-group/the_lego_brand
61. The Path to Purchase Institute. (n.d.). At Home With the Path to Purchase. Retrieved 13 August 2016, from https://p2pi.org/sites/default/files/13SM_0913_AtHomeWithP2P.pdf
62. The Path to Purchase Institute, & The Marketing Arm. (n.d.). Engaging Shoppers Through Decision Science. Retrieved 13 August 2016, from https://p2pi.org/sites/default/files/CP16_EngagingShoppers_WP.pdf
63. The Retail Commission on Shopper Marketing. (2010). Shopper Marketing Best Practices: A Collaborative Model for Retailers and Manufacturers. The Partnering Group In-Store Marketing Institute, Inc. Retrieved 23 April 2016 http://ecr-all.org/files/RetailCommission_executive-report-2010.pdf
64. Tyree, W. (2016, March 8). Study shows gender-inclusive brands score big with kids. Retrieved 28 April 2016 http://kidscreen.com/2016/03/08/study-shows-gender-inclusive-brands-score-big-with-kids/
65. UNICEF. (2013). Principle 6 | Children's Rights and Business Principles. Retrieved 13 June 2016 http://childrenandbusiness.org/the-principles/principle-6/
66. Unilever. (2016). Why Dirt is Good for Kids | Benefits of Messy Play. Retrieved 30 April 2016, from https://www.persil.co.uk/why-dirt-is-good/
67. University of Sheffield. (2015). *Exploring Play and Creativity in Pre-Schoolers' Use of Apps: Report for the children's media industry*. Universities of Sheffield and Edinburgh, BBC CBeebies, Foundling Bird, Dubit, Monteney Primary School. Retrieved 28 June 2016 http://techandplay.org/tap-media-pack.pdf
68. van Galen, T. (2012). The missing link: turning shopper insight into practice. In M. Stahlberg & V. Maila (Eds.), *Shopper marketing: how to increase purchase decisions at the point of sale* (2nd ed, p. 275). London; Philadelphia.
69. Wittemen, A. (2012). Capitalize on unrealized demand among shoppers. In M. Stahlberg & V. Maila (Eds.), *Shopper marketing: how to increase purchase decisions at the point of sale* (2nd ed, p. 275). London; Philadelphia.
70. Yeoman, M. (2016, June 24). The Lego Model: How to Build Your Social Brand. Retrieved 14 August 2016, from http://adweek.it/28Twry0

List of Pictures

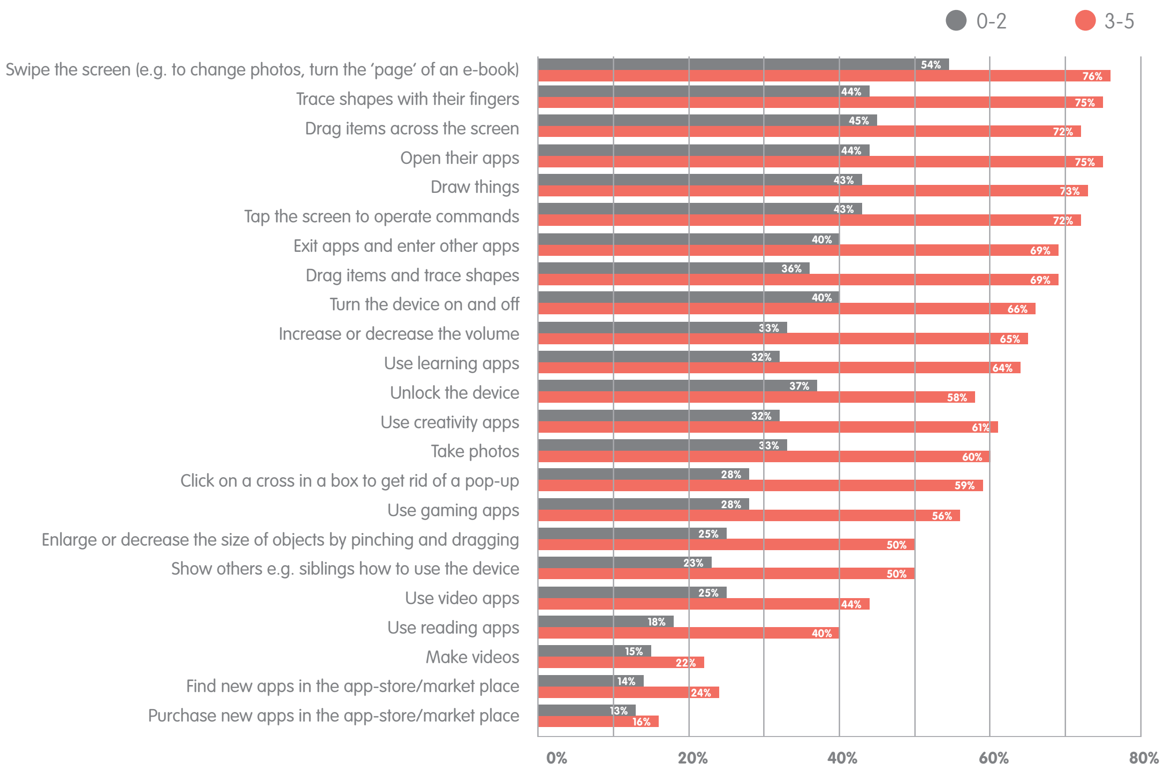
List of Figures

List of Tables

Appendices

Appendix 1 Tablet Use – Is able to do unassisted

Source: (University of Sheffield, 2015)



Source: DQ1 We want to understand how comfortable your child is using a tablet. (Base 2000)

Appendix 2 – Kidfinity by Smarty Pants; source: (Tyree, 2016)

Kid affinity for entertainment brands, 2015

Brand	2015 Kidfinity score	+/- vs. 2014	Brand	2015 Kidfinity score	+/- vs. 2014
Minions	832	*	Adventure Time	636	▼
LEGO	811	▼	Captain America	629	—
	783	▼	Harry Potter	624	*
LEGO Minecraft	759	*	LEGO Elves	603	*
Minecraft	740	—	Pokémon	601	▼
SpongeBob SquarePants	727	—	Ninjago	599	—
Angry Birds	712	▼		599	*
Avengers	697	—	The Hunger Games	573	▼
	695	*		564	*
LEGO Friends	684	—		558	—
Scooby-Doo!	684	▼	American Girl	556	▲
Frozen	683	▼	Hello Kitty	546	▼
Iron Man	673	—	Power Rangers	543	▼
	667	—		539	—
Spider-Man	664	▼	Monster High	532	▲
Star Wars	653	▲		532	—
Transformers	649	▼	Barbie	531	—
Skylanders	647	—	DC Super Hero Girls	498	*
Turtles	645	▲	Lalaloopsy	482	▼
	642	—	Yu-Gi-Oh!	458	▼

* Not included in Smarty Pants's Young Love 2014 study

NOTES: Directional arrows reflect a change of 10 or more points between 2014 and 2015

Appendix 3 LEGO in-store communication examples – Czech Republic

Brand consistent yellow gondola:

Carton-based materials:

Engagement elements:

Eco Box

Static Model Tube

Micro Show

Secondary Placement

Appendix 4 – Discussion guide

1. What is your overall impression of the LEGO section?
    a. What do you like?
    b. What do you dislike?
    c. What engages your attention?
2. When you are deciding to buy a toy for your son / grandson / nephew, what are the factors influencing your decision?
    a. What would you buy now?
    b. How would you decide? Why?
3. Do you know the LEGO Nexo Knights Theme?
    a. What is you impression of the LEGO Nexo Knights section?
    b. Does anything engage your attention?
4. Do you like the Model Box / Model Tube?
    a. Does it engage your attention?
    b. Would it help you in deciding?
    c. Would it convince you to purchase a ELGO Nexo Knights product?
5. Do you normally shop alone or with your son / grandson / nephew?
    a. Would the material engage his attention? Would he like it?
6. When you look at the LEGO section, which materials do you like? Which do you dislike?
    a. What is the best? What is the worst?
    b. Is there anything missing in the section?
7. When you compare the LEGO section to the competitors is it better or worse? Why?

Appendix 5 – Questionnaire for quantitative part

R0. Store
R1. Do you have a son who is from 6 to 12 years old?
R2. Are you here today accompanied by a child?
R3. Do you have a little boy among close family or your friends, who is from 6 to 12 years old, and you at least occasionally buy a gift for him?
R4a. How many LEGO products have you purchased within one year?
R4. Which toy brands are you aware of?
R5. Is there any brand you would never consider purchasing?
Q1. Have you noticed any promotional or marketing materials in the store today?
Q2. Which promotional materials have you noticed today?
Q2. Which promotional materials have you noticed? - Please, name.
Q3. Which of these promotional materials have you noticed in the shelf today?
Q4. Have promotional material for LEGO NEXO KNIGHTS engaged your attention?
Q5. Have you considered buying LEGO NEXO KNIGHTS products after seeing this promotional material?
Q5a. Have you considered buying any other LEGO products after seeing this promotional material?
Q6. Have you bought any product of LEGO NEXO KNIGHTS today?
Q6a. Why haven't you bought any product from LEGO NEXO KNIGHTS today?
Q6b. Have you bought any other product of LEGO product today?
Q8. To what extent has this material helped you during todays store visit?
Q9. What attribute are important for you when choosing a toy for a child (boy 6-12 years old)?
Q10_1. Boy chooses the toy himself
Q10_2. Price
Q10_3. Theme/product line (e.g. city, NEXO KNIGHTS, friends)
Q10_4. I know that child wants this product
Q10_5. Recommendation of the shop assistant
Q10_6. Recommendation of friends/family
Q10_7. Brand
Q10_8. Difficulty level
Q10_9. Advertisement in TV
Q10_10. Promotional materials in the store (posters, stands, transparent boxes, LEGO minifigures,...)
Q10_11. Your own experience from your childhood
Q10_12. Recommendation of boy's parents
Q10_13. Interesting – attractive packaging
Q11. If you look at LEGO NEXO KNIGHTS shelf, do you miss anything?
Q12. If you look at the shelf with LEGO NEXO KNIGHTS, is there anything you would rather remove?
Q13. To what extent do you know the exact LEGO product you are going to buy – before entering store?
ID1. Gender
ID2 Age

ID3. How many children under 18 years (including) live in your household?
First child - Boy
First child - Girl
Second child - Boy
Second child - Girl
Third child - Boy
Third child - Girl
Fourth child - Boy
Fourth child - Girl
ID4. What is your highest education achieved?
ID5. What is the total monthly net income of your household?