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LEGO TOYS AS COLLECTIBLES INVESTMENT

Bachelor Thesis

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I have written this Bachelor Thesis independently. Any ideas or data taken from other authors or other sources have been fully referenced.

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Introduction

During times of political and economic instability, many investment opportunities carry significant risks. Many investors diversify their portfolios across various investments, such as stocks, real estate, currencies, and other instruments at the same time to minimize chances of getting huge losses. However, there are some limitations in several investment options, especially for individuals hailing from countries with restrictive regulations governing investment practices. For instance, in Russia, due to the current political situation there are a lot of sanctions which disallow you to have an account in Binance, online exchange where people can trade cryptocurrencies or even to invest in most foreign companies due to the laws. Even if individual finds the company to invest, there are still risks that future sanctions or laws will forbid it. The point is that stock and crypto markets may not be accessible to all investors. That is why, the author wanted to find other ways where to invest someone's capital. Some investors consider in that case physical assets like real estate, gold, or collectibles. Real estate, in terms of intelligence, less complicated to invest rather than stocks, but individual have to pay higher transaction costs, for example, for brokership fees, and it requires big amount of money since real estate is expensive. Moreover, it requires maintenance costs which include taxes, insurance and in case of renting, it requires costs on repairing in case that something breaks. It is important to note that some Russians who own real estate in European countries such as Estonia faced challenges accessing their properties due to legal restrictions and cannot pay bill because Russian debit cards are no longer operational in other currencies, putting their assets and investments at risk.

It is one more thing that shows that several investment opportunities in some ways are influenced by what is happening in the world, in other words, by the political and economic climate. Even if one invests in various assets at the same time in order to hedge risks, this will not save him or her completely, because some restrictions may force them to sell all their assets abruptly, or it can even result in their assets being withdrawn. This creates a need for investment options that are not dependent on the investor's country of origin as they cannot be held responsible for their government's actions or for their place of residence. That is why the author started searching for alternative ways of investing such as collectibles, specifically LEGO investing as it is quite unstudied and interesting topic to explore. This type of collectible is not quite common in the real world, even though these plastic construction toys are popular all over the world. In the last few years, several articles were written by popular

magazines that LEGO's returns outperform the average return of other financial instruments. According to Sweney M. (2021) LEGO is more lucrative for investing compared to all stocks, gold, bonds, and wine.

This way of investing in LEGO is similar to investing in other collectible items like wine, art and cars. LEGO investing is the practice of buying LEGO sets with the intention of reselling them at a later time for a profit. This is typically done by purchasing sets that are expected to increase in value over time, such as those based on popular franchises or those that are no longer in production. The sets are usually kept in their original, unopened packaging to preserve their value. However, some LEGO collectors invest not only in sets but in parts of sets and minifigures as well. For example, according to the website brickeconomy.com, one of the most expensive LEGO minifigures is Mr Gold which price already exceeds 8000 euros. This shows that even individual components could be considered as an opportunity for investing.

However, not all countries in the world have the same access to the LEGO market. According to Jess Peace (2023) prices in different countries significantly vary, which put potential investors from different countries in an unequal position. Partially it is concerned with Baltic regions too. Prices for sets in these countries are higher than in central Europe (Jess Peace, 2023). In addition to that, the cost of sending a package is also more expensive than there. Moreover, when sending packages to Asia, the UK, US there are also commissions which also affect potential returns of investors. That is why, the author decided to analyze LEGO investing in Baltic countries, such as Finland, Estonia, and Latvia. There is a big similarity in these countries because prices are on the same level based on comparison from official LEGO website and retail shops too.

The aim of this Bachelor thesis is to identify the potential risks, limitations, and opportunities associated with LEGO investing. It will be considered for individuals residing in Latvia, Estonia, and Finland. The author of thesis will conduct a comprehensive analysis of existing literature on the subject of collectible investing, with a specific focus on LEGO investing. The study will also involve conducting qualitative interviews with LEGO collectors and investors from the Baltic region, providing a qualitative approach to the investigation. The primary goal of this research is to provide an in-depth explanation of LEGO investing, including its constraints, methods for addressing those constraints, and potential investment strategies. Additionally, the thesis will offer recommendations on how to monitor, store, purchase, and sell LEGO, as well as provide an overview of the primary

marketplaces for LEGO investment activity. The study aims to contribute to the existing body of knowledge on collectible investing and serve as a valuable resource for prospective LEGO investors in the Baltic region.

The following research tasks were set up in order to achieve the aim:

1. To present theoretical foundation on investing in collectibles.
2. To identify differences of investing in LEGO to other collectibles.
3. To provide the results of previous studies on LEGO investing.
4. To prepare interview questions.
5. To conduct interviews with people who have experience in investing in LEGO from Latvia, Estonia, and Finland.
6. To analyze the findings and draw the conclusions.

Answering the question of where this study fits, there are no studies which will help to explain nuances of investing in LEGO and describe main costs and difficulties in terms of selling your assets. At the moment, on the topic of LEGO investing there are only two direct articles, but they are mainly about calculating returns. Dobrynskaya and Kishilova (2018) emphasized their research in calculating average rate of returns on LEGO while the second research from Savva Shanaev et al. (2020) modified the first research by including not only currently traded sets and provided correlation between several factors. Thus, there is no specific research on the ways how to invest money in LEGO and earn from it, specifically from Baltic countries.

The author asserts that the research will hold significant value, not only for investors with profit-driven motivations, but also for LEGO enthusiasts and people who have some interest to this sphere as well as to the themes that LEGO is using in their sets.

Keywords: LEGO investment, collectibles, alternative investment.

1. Theoretical foundation of collectible investment

1.1. Investing in various collectible items

Collectible investment offers an alternative to traditional investment instruments, such as stocks and bonds. These investments are physical objects that can be held by investor or collector, and their limited supply provides them unique value proposition (Rhiannon A., Varanasi L., 2022). According to Campbell (2008) collectibles provide investors low or even negative correlation with a stock market which enables to diversify portfolio. It is thought that most of the collectibles are valued highly because of the emotional characteristic. For

some people rarity plays a huge role in owing stuff, thus demand on rare and unique things can value more and more in the future. The same happens in real life, people with ability to buy expensive clothes have more desire wearing expensive clothes that not everyone can afford. However, its value hard to predict and estimate as that high fraction of collectibles is sold on secondary markets, that is why most of the deals between seller and buyer are not registered (Walgreen, 2010).










Laurs (2017) in his research on collectibles regarded it as a high-risk type of investment. He identified various risks that investors may encounter when purchasing and selling collectible assets. Among risks, he listed that tastes on items tend to change over time which can cause outdatedness of specific item. Laurs, as did Walgreen, also mentioned the risk with difficulty of assessing the value of exact items. Some items, like art pictures do not have analogues to compare with. With LEGO it is a little bit different since LEGO produces thousands of sets of the same kind and there usually some sellers of the market by whom there is an opportunity to understand at least approximate price of the set. To that he added speculation risks which sometimes create uncertainty on the market. In LEGO there some speculations too, especially connected with events in franchises, like death of some character in upcoming movie or TV series which makes sets with this character possibly unique. Finally, he also mentioned forgeries and frauds as risks. Over time, LEGO easily coped with with that since their boxes have special details which makes them original, such as logo almost on every side of the box and special plombs which help collectors identify is box opened or not.

As an examples of other collectibles apart from LEGO, there are also alcohol, stamps, cars, toys, art, coins, sneakers. Almost every category is common in a way, that their supply is limited as well as it is hard to duplicate the original. Among alcohol, wine is a popular form of collectible investment, however there are significant risks associated with purchasing it, as the quality of the wine may not be known until the bottle is opened, decreasing supply and value. Similar happens to LEGO as well, opened box immediately decrease approximately half the value and reduce remaining number of sets on the market. Dimson et al. (2015) found that the real return on wines between 1900-2012, excluding storage and insurance costs, was 4.1%, a high percentage that surpasses that of bonds. Renneboog and Spaenjers (2013) noted that art provides a real return of around 4%, which is comparable to wine. Fine arts, which are typically one-of-a-kind, that makes them unique compared to other collectibles, also necessitate storage costs and insurance. Stamps investing is also a kind of

collectibles. It is small in size and produced in small batches (Elaine Lau, 2022). Car's investing is a bigger scale investing because it requires significant amount of capital to invest. This type of investing is also dependent on the factor of the finished production. Once exact model of a car stopped being produced, it becomes more valuable, especially luxury cars. Regarding toys, this thesis will be analysing specifically LEGO, because it is one of the most popular toys in the world and a lot of people know what it is. Moreover, it is the biggest brand in the toy industry which is demonstrated in Table 1 below.

Table 1

Most valuable toy brands globally in 2022 and 2023

2023	2022	Logo	Name	Country	2023	2022
1	1		<u>LEGO</u>	Denmark	\$7,444M	\$6,026M
2	2		<u>Bandai Namco</u>	Japan	\$1,583M	\$1,743M
3	3		<u>Fisher-Price</u>	USA	\$879M	\$746M
4	4		<u>Barbie</u>	USA	\$701M	\$588M
5	5		<u>Nerf</u>	USA	\$462M	\$463M
6	8		<u>Hot Wheels</u>	USA	\$410M	\$348M
7	9		<u>Pop!</u>	USA	\$409M	\$337M
8	6		<u>Dragon Ball</u>	Japan	\$383M	\$409M
9	17		<u>Magic: The Gathering</u>	USA	\$352M	\$158M
10	7		<u>Hasbro</u>	USA	\$339M	\$361M

Source: Statista (2023)

As we can see, LEGO's brand 4,7 times more expensive that second's place – Bandai Namco and even more higher that the others. Iconic logo is known all around the world as well as brick design. It shows how dominant LEGO in the current toy market is. They maintained their position in the leading toy brands for decades due to their innovative product design, stable quality and strong identity. As it was mentioned in theoretical part, LEGO regularly releases new product lines and update existing ones to keep up with trends and

technological advancements, ensuring that their products remain relevant and appealing to all customers.

Additionally, LEGO's commitment to quality has earned it a loyal customer base. Its bricks are known for their durability, allowing children to play with them for years without them breaking or losing their shape. Lego also places a high value on safety, ensuring that its products are safe for children to use and meet or exceed industry standards.

A big fraction of collectible investors invests in such assets because of enjoyment. However, success in this type of investing often requires knowledge of the specific asset being invested in. While diversification of investment portfolios is a common motivation for investing, many collectors invest in such assets as a hobby. The high emotional value placed on collectible investments results in individuals deriving pleasure from collecting items that are meaningful to them. One of the main challenges associated with investing in collectibles is the associated costs. Due to the lack of a direct market for the sale of such assets, many individuals resort to online platforms such as Amazon and eBay, which are known to charge high commissions. In addition, the physical nature of collectible assets raises the issue of storage costs, especially for large items such as cars. Moreover, the quality and condition of collectibles significantly impact their value, as any damage can lead to a decrease in price. Regarding assessing the value, the absence of a direct market makes it difficult to predict prices, as certain events can cause prices to rise unexpectedly, such as the example of the Lionel Messi football collection card that increased in value by a hundred times following his win in the 2022 World Cup in Qatar. Not all parts of the world enable people to invest in collectibles equally. For example, Estonia is quite a small country, and its market is quite empty comparing to other developed countries, that is why investors have not full access to the items they want to buy. Moreover, delivery costs are higher for Estonia than to other countries because of being on the edge of Europe. That is why, it is useful to see is it profitable to be collectible investor from Estonia and other countries like that.

1.2. LEGO as collectible investment

At first glance, investing in toys like LEGO may seem like an unconventional approach, but upon closer examination, the potential of this investment avenue becomes apparent. One of the main reasons for investing in cars, for example, is that they tend to appreciate rapidly, especially for those that have a sentimental value and limited supply, which is quite similar to LEGO. In summer 2022 the official website of LEGO increased prices on all sets by 15-30% not only for retail customers, but for wholesale customers as

well, which caused a rise in prices in the entire world (LEGO website). For instance, LEGO 42143 Ferrari Daytona which was released only in June by the price 400 euros already in August became 450 euros. It is important to understand that LEGO regularly updates their sets depending on their size and theme. When the set is out of production it is called retirement of the set, and it means that it is no longer possible to order it from LEGO, because it is no longer possible to find them on the shelves of official stores. That is why there are a lot of secondary markets, like eBay, Bricklink or other marketplaces which will be further mentioned empirical part. In these marketplaces anyone can buy almost any set which is out of production. These are also the places where LEGO investors sell their sets and earn money from it. However, it is sometimes a challenging task when investors live in the country outside of Europe or on the edge due to unequal access to the market. In this thesis the author will mostly focus on investing in LEGO within the Baltic countries' territorial boundaries as they are located on the edge of Europe and have limited areas near them as to where to sell their sets to. Location also plays a significant role in purchasing sets too. According to Jess Peace (2023) there is a 744 percent difference between the average price of LEGO in the most and least expensive markets. Luckily for Baltic countries, according to official LEGO reports one of the main manufacturing factories is located in Billund Denmark, which makes this difference for Estonia, Latvia, Finland, and other Baltic countries close to 10 percent higher.

LEGO is a Danish company which operates all around the world, its toys are well known to big percentage of people. There is a small stereotype that such constructors are targeted mainly on children. According to Troy Taylor, a LEGO employee with 20 years of experience, the marketing strategy of the brand has undergone significant changes as its primary customer base has shifted from children to adults (Sachitanand, R., 2021).

Traditionally, toys have been targeted towards children, but marketing to this demographic is subject to legal and regulatory constraints. Conversely, marketing to adults is more accessible as it faces fewer restrictions and can be directly reached through platforms like social media, thereby reducing marketing costs and challenges. Consequently, LEGO has shifted its focus from branding activities to direct marketing, recognizing the importance of adult enthusiasts as a target audience. Adult LEGO enthusiasts have emerged as crucial customers for the company, as highlighted by the marketing director. These adults exhibit a strong preference for large, expensive LEGO sets, particularly those based on well-known intellectual properties or featuring specialized themes and intricate constructions. On one

hand, they are compensating for the lack of toys and entertainment experiences during their own childhood, while on the other hand, they have a deep desire to collect themed products. Furthermore, adults generally have higher disposable income and more discretionary spending power compared to children. The presence of adult LEGO fans has contributed to the growth of the secondary market for LEGO toys. (Lingfeng Fan, 2022)

In addition, the presence of "16+" and "18+" labels on some LEGO sets strengthen the point in the previous paragraph. This suggests that LEGO is not just a toy for affluent children but a legitimate investment opportunity for all ages. As noted by professional LEGO reseller Nate Tobik in an interview with Marketplace, a large portion of LEGO buyers are in their 30s and 40s. This is further supported by the fact that every LEGO set is assigned to a specific theme, with the "Ideas" theme featuring large-scale constructions such as a "Piano" and a "Typewriter" that clearly appeal to individuals who have experienced these items in the past. LEGO #21327 Typewriter can be viewed in Appendix B. Additionally, there are numerous YouTube channels run by adult collectors who enjoy sharing their new sets with their audience, further demonstrating the appeal of LEGO to individuals of all ages.

LEGO is a very prospective toy, its sales according to Statista (2022) increase for 4 consecutive years. Moreover, it shows high enough growth in all regions around the world. To prove that point the author provides the Figure 1.

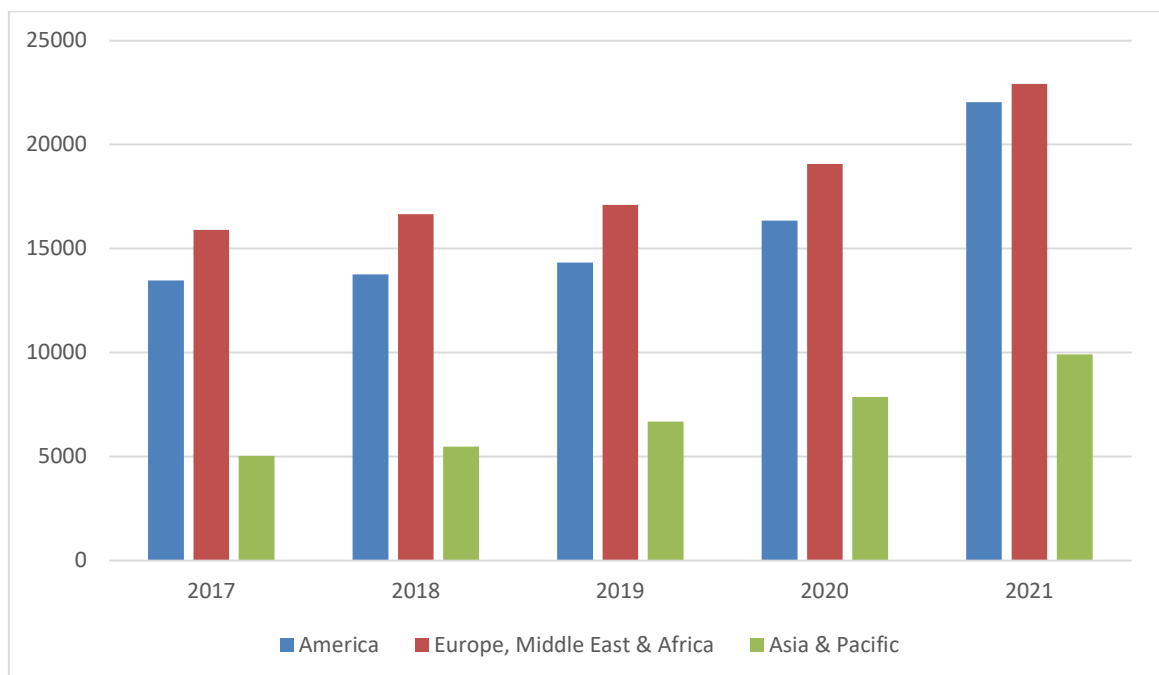


Figure 1. Net sales of LEGO Group from 2017 to 2021, by region in million Danish kroner

Source: Statista (2022)

The bar chart indicates a positive trend in LEGO's popularity across all regions, which suggests that the company is continuing to gain increased attention among consumers. Furthermore, this trend may have an impact on the value of older LEGO sets over time, as new collectors become interested in sets that were previously overlooked. As demand for these sets increases and supply becomes more limited, prices are likely to rise accordingly.

LEGO sets, like other collectibles, are subject to inflation, but the primary source of profit for investors is different. The process of LEGO sets becoming rare is similar to the rarity of art and wine, with a unique twist. The scarcity of LEGO sets comes from their retirement and limited availability on the secondary market. Typically, a set's lifespan ranges from 2 to 3 years, but with each passing year, more boxes are opened, making them increasingly scarce. The scarcity results in a higher demand and subsequent price increase due to the limited supply. However this is not the guarantee that sets will increase by itself in price, many collectors place value on LEGO sets that feature unique minifigures or constructions that are not frequently re-released. The inclusion of such rare minifigures can significantly enhance the value of the set in which they are put. For instance, if a character from a franchise appears in only one set and is not included in any other sets, the corresponding minifigure becomes a rarity, thereby elevating the rarity of the set itself. Similarly, limited collaborations or partnerships that result in a restricted number of sets, such as the LEGO set depicting the Manchester United football stadium (Old Trafford), contribute to the rarity of certain sets. These sets become unique as there are no other LEGO products associated with the specific theme, making them highly sought after.

Another similar example is case connected with LEGO 21303 WALL-E. LEGO produced only one set 21303 under this collaboration, which was introduced in 2015 for the price of 50 euros, and it got retired a year after, most probably because it is relatively small set and the contract between two organizations was only for 1 set for one year. But in 2022 on secondary markets, it costs around 240 euros worldwide for the sealed box. Obviously, it is not the path by which every set is going, but it shows how exact LEGOs because of their rarity can increase in value over time.

However, there are certain drawbacks associated with investing in LEGO sets. Firstly, the physical size of big LEGO boxes compared to art or wine makes them more challenging to store and protect. Proper storage and insurance are necessary to prevent damage, and even the quality of the box itself can impact its value. Additionally, transporting LEGO sets from one location to another can be cumbersome and costly. Furthermore, LEGO sets, like other

collectibles, suffer from low liquidity, making it difficult to find local buyers. As a result, investors often resort to online platforms such as eBay or Bricklink, which impose sales commissions.

Sara Bongiorni, in her book "A Year Without 'Made in China'" (2008), reported that she was unable to find any toys that were not made in China, with the exception of LEGO. This highlights the uniqueness of the LEGO brand and its potential for future growth. Although there are several companies, mainly based in China, that produce similar building sets, the quality of their products is inferior to that of LEGO. Nevertheless, LEGO sets are renowned for their sturdiness and ease of assembly, and the brand remains widely recognized. LEGO produced 800+ sets in the last 8 years according to the website brickset.com. For comparison some of the previous years were also indicated in Figure 2.

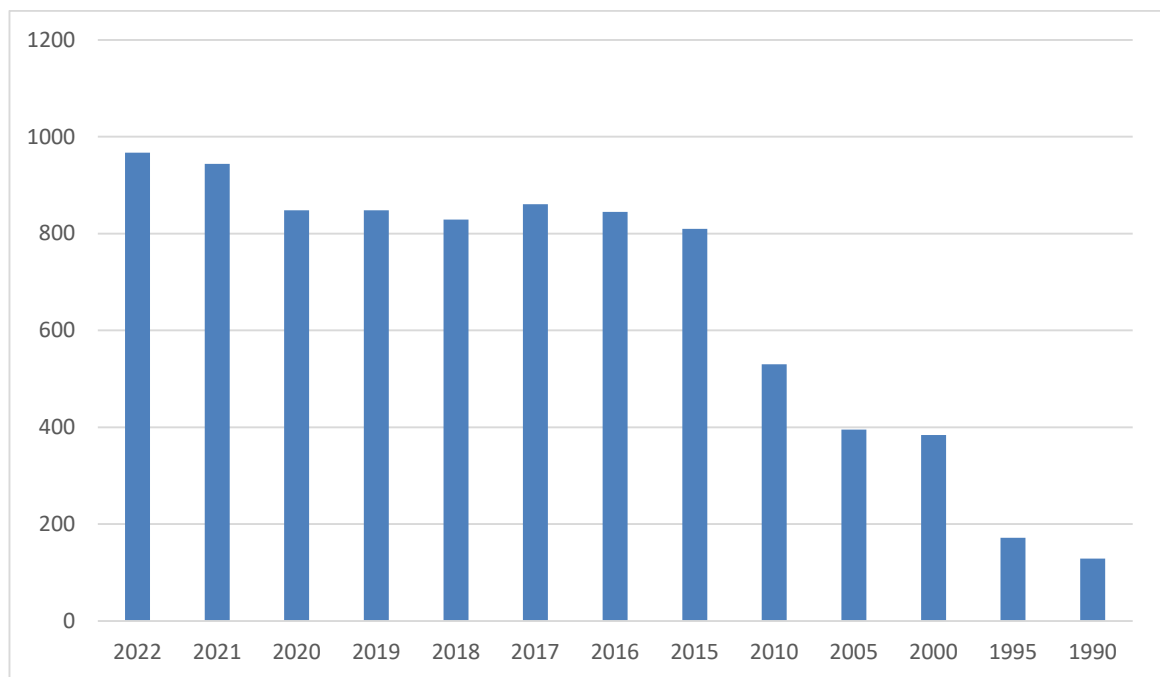


Figure 2. Number of sets produced by LEGO in different years

Source: brickset.com

As we can see from Figure 2, throughout the time LEGO only increased amount of sets produced within one calendar year. In 2022 they produced record amount of 967 sets, which is 2,65 new sets released per day. This also shows that LEGO only increasing variety of their sets to satisfy every possible target group of the market.

It is important to know that LEGO is sold in two types of markets. First one is a primary market which is an official website in addition to official real stores, but you can find them not in all countries of the world. According to the brickipedia.com, a website with

interesting facts and useful information about LEGO, there are 44 countries with official store of LEGO in them. In such stores or from the official website you can buy only sets which are currently produced. Currently, there is only one official LEGO store which operates in Sweden, but there is an opportunity to order LEGO directly through the website. At the same time there are some retail stores which distribute LEGO with much lower prices than the official website.

Regarding selling, further in this thesis the author will find out from interviewees trustful marketplaces for trading LEGO.

1.3. Overview of previous studies on investing in LEGO

Until 2018, only little percentage of people knew of such a thing as LEGO investing, it can be proven by just looking at how many sets remained from that period. It is logical because first association which come to mind when you hear LEGO is a toy or something that you buy, construct, put on a shelve and forget. However, for real LEGO lovers and collectors it is a big world, where you can create a whole city of buildings or your own car park. As it is known, if you ask any collector from any sphere what he or she is proud of, obviously, that person will show you his or her rarest item that is owned by very small fraction of collectors. Thus, some sets become more and more expensive every year after being retired, they just become very rare and hard to find. In 2018 Victoria Dobrynskaya while searching for a specific set for her son who is a true fan of LEGO, she saw that the set that her son is attracted to was incredibly expensive. That was surprising to her because the set was not big for such a price, and she continued to search more information about. In that way the first serious article about this topic was beginning to occur. Dobrynskaya with one of her students from HSE's University of Finance started researching the topic and realized that there is too little information besides data on transactions from the LEGO trading websites. Because of that Viktoria used interview approach with professional LEGO investors who explained where to seek information and how this industry is operating. In their research Dobrynskaya and Kishilova tried to calculate all time average rate of return of all existing sets and to provide price indices. What they missed from my point is that not all sets are bought by official website prices and that comparisons with other financial instruments are not totally relevant. Unfortunately, no matter that she analysed all the data, there are still missing details which we will never know about, sometimes the package can get damaged, and we will never find out that an investor bought some set specifically for investing and not for constructing,

some sets are not increasing in price, thus people are not selling them. We need to understand that collection of such data is a hard work and not all things are available to us. This is what we cannot say about stocks, there everything is clear. Moreover, a lot of LEGO trades occur between LEGO collectors directly without using platforms like eBay not to pay commission. This was also mentioned in 1.1 subchapter by Walgreen (2010) that collectible investments are sold mostly through unofficial marketplaces which makes a lot of uncertainty and missing data.

According to their research average return is 10-11% annually. Then they provided information on the average returns of other collectibles from other sources and LEGO outperformed all of them. What is important, they used information only about unopened sets, but again we should discount that percentage because boxes can be easily damaged and thereafter, they automatically cannot be considered as new and unopened which excludes them from the research. At the conclusion Dobrynksaya and Kishilova wrote that they outperform even stocks and commodities, but it is not really comparable, indeed both have transaction costs but in terms of stocks, you do not need to store them anywhere and there is no risk of damaging them physically.

In 2020 Savva Shanaev et al. (p.3) also points out that there Dobrynskaya and Kishilova were first to analyze that topic but they “used in their estimations only the returns of 2,322 LEGO sets that are actively traded on the market. Presumably, there have been sets that are not currently being traded due to low or lack of collector value and thus the estimations that disregard this effect will suffer from a form of survivorship bias, exaggerating the magnitude of LEGO returns.” This is the gap that they discovered in the research of 2018 and used wider data and also used quantitative approach and got much lower result, especially when not to take a franchise into consideration. What is even better in their research is that they also adjusted currency fluctuations and observed which factors have a higher influence on return in the future. To be a good LEGO investor you need understand emotional value for different sets, sometimes piece count, size and franchise do not play a role. That is what missing in their research. To justify them, of course such emotional values are not really calculatable and it is impossible to adjust returns to them.

These are the only two scientific articles on that topic, but the author found an internet article from the website, which is specialized specifically on LEGO investing, Brickfact.com. In 2022 they introduced an article commenting Dobrynskaya’s and Kishilova’s article by adding some of their comments. They assume that the key to successful investing is by

targeting solely adults. He or she also stated that LEGO is very liquid. It is not a problem to sell it fast on Amazon or eBay. This article provides a good comparison between LEGO and gold investing in terms of different factors like storage, insurance, and currency factors. Overall, there were no research in it, just several points for comparison from the point of a person who have been investing in LEGO for several years already.

2. Investing in LEGO in Baltic regions – Empirical analysis

2.1 Methodology and data

In achieving the aim of the thesis, the author will use a qualitative approach as it is the most convenient way to collect information and the most proper one. The aim of this part is to get a sufficient information about LEGO investing, specifically about reasons why people start collecting LEGO or investing in it, about profitability of such investment, about risks and obstacles that the potential investor can face, where to buy and sell LEGO and what mistakes beginners do. The goal is to show ways to diversify investor portfolios and find a possibility to invest in something different and unusual through LEGO. In addition to that the author also will try to find things that a beginner investor might not expect when starting and warn about them.

To achieve these tasks and goals the author will conduct interviews with people who had experience in selling LEGO, investing in LEGO, or collecting it. People selected for interview were found in Baltic regions. It is important to mention that while searching for people with such experience from this area, author found a lot of people from central Europe, USA, and UK, which is because these territories have more opportunities in terms of trading and LEGO is even cheaper in these places. Moreover, according to Jess Peace (2023) LEGO is the most popular in these regions. For instance, according to D. Tighe (2022) in 2021 In American continents LEGO was sold by 22031 million of Danish kroner which is more than two times more than whole Asia and almost the same as whole Europe and Africa together. Baltic countries are located on the edge of Europe, and they are not really close to the countries where the demand for sets is high. Moreover, transportation and delivery costs are also higher due to this. That is why the author assumes that there is a lack of investors in Baltic regions. The author found very little number of investors and most of them rejected to conduct an interview. However, three investors agreed but two of them asked to remain anonymous.

During the search for people to interview the author used the most popular LEGO website for selling, called Bricklink. According to this website in Estonia there are seventeen sellers of whom none sells specifically sets. All of them are selling mainly parts and minifigures for sets. Latvia has eighteen sellers on Bricklink and among them only one sells sets whom the author could reach. Lithuania has slightly more, it is thirty-eight and Finland is in leaders, it has seventy-one. These numbers again prove the fact that popularity of LEGO investing in Baltics is unpopular compared with other countries. In USA, for example, there are 5200 Bricklink accounts, in UK around 1700 and in Germany it is 1408.

When trying to contact people from Bricklink the author faced difficulties which are the unwillingness of people and their wish to be left anonymous. Further in dialogue with one of the interviewees, he said that mostly it is due to the fact that these people do not want to reveal their investing strategies and creating more competitors. After difficulties with reaching people through Bricklink, the author was searching people through Facebook Marketplace and accounts on Instagram where he found 3 people who agreed to give an interview. After that interviews were conducted. However, qualitative research was the most appropriate one for this type of investment as there are too little data and people to gather data from.

To give a better explanation regarding steps of achieving the aim of the thesis, the author created Figure 3.



Figure 3: Research plan

Source: compiled by the author

There were 4 interviews with 2 people from Latvia, 1 from Estonia and 1 from Finland. As it was mentioned, one person was found through Bricklink, he has third biggest account in Latvia called “Marble Bricks”. Another person is also from Latvia, he is a private investor who does not have an account on Bricklink, but he sells through Facebook

Marketplace and specific websites in Latvia. He asked to not share his personal information from interview. Another investor from Estonia and he is also a private investor who had experience selling in a lot of different platforms from eBay to national websites. The last person is from Finland who had an account on Bricklink but now sells only in Facebook.

The questions were created in accordance with the aim and tasks of the thesis. Questions were divided into 5 groups by topics. The first topic is about the person itself and his background. The second topic is about a person's journey to LEGO and how it became investing. The third topic is about investor's collection. The fourth topic is about return opportunities and the fifth is about risks, obstacles, and costs.

2.2 Results and Discussion

In this subchapter the author will perform a group-wise analysis of the conducted interviews. To facilitate this analysis, the questions were categorized into five themes: collectors' backgrounds, collectors' paths to LEGO and subsequent transition to investing, interviewees' collections, return opportunities and the future of LEGO investing, and finally, the risks, costs, and constraints associated with LEGO investing.

Collectors' background

In the first group of questions interviewees were asked about their age, profession, level of education. To provide visual representation of the answers the table below was compiled.

Table 2 is missing age, field of Bachelor degree and profession information as specific interviewee decided not to provide these details for personal reasons.

Table 2

Interviewees' background information

	"Marble Bricks" Latvia	Private investor from Estonia	Private Investor from Finland	Private investor from Latvia
Gender of investor	Male	Male	Male	Male
Age	20	27	32	-
Profession / Job	Finance	Owner and director of a shop	Manager	-
Level of education	Ongoing Bachelor of Finance	Bachelor in Economics	Bachelor in Communication	Bachelor

Source: compiled by the author

As observed from the Table 2, all the respondents were male. However, it would not be accurate to conclude that the majority of investors are male because Bricklink account description does not provide gender information and it is challenging to determine gender from the profile nicknames.

The age of the respondents is between 20 and 32. The youngest respondent is a current Bachelor student of Economics program in Stockholm School of Economics and the owner of third biggest account of Bricklink in Latvia. The oldest one is from Finland and he due to his experience have tried a lot of marketplaces but now he only sells on Facebook marketplace and on the websites like Tori.fi.

From professional information, it can be inferred that all of the 4 interviewees are using investing in LEGO as an additional source of income, and they have the main source of income too. One important note that all of them are not limiting themselves to selling just LEGO sets, owner of “Marble bricks” have even more profitability in selling parts and minifigures for LEGO which is according to him is even more profitable than sets and create faster velocity of money and more cash flows. Regarding the other three, all of them sell other things, which are totally unconnected with LEGO, like technic, other toys, clothes and brand things and LEGO is like a branch which is the only one among previously mentioned is growing in price not only because of the inflation but because it is retiring and becoming unique too.

The education of the interviewees varied, however, all of them finished or are currently undergoing Bachelor education. Two of them finished or are finishing this degree connected with economics, which in further interviews was mentioned as one of the reasons why they run their investment business successfully. The other two interviewees finished their Bachelors in faculties not connected with business. According to the private investor from Estonia, his education, experience in business, book knowledge allowed him to realize that “smart businessman or investor” can reach profitability almost everywhere if he or she dedicates to the process of analyzing industry, market, and cost reduction. Similar things were stated by Latvian investor, who said that experience in selling other things allowed him to promote LEGO better in his accounts and give them “proper descriptions, which are very important for customers”. Interestingly, investor from Finland has an education which distantly relates to investing and according to him, it all started as a hobby and still he does not even think about getting profits as the main goal and it is just an “entertainment.” Thus, it

seems that having background in economics or business can be beneficial for running a successful investment business.

Collectors' path to the LEGO and consequent transition to investing

The second block of the interview is about personal journeys of individuals to LEGO, as well as how it eventually led to them investing in it. The author tried to gain insight into the factors that influenced their decisions and how it changed over time. Responses from interviewees were combined in Table 3.

Table 3

Acquaintance with LEGO and its transition to investing in it

	“Marble Bricks” Latvia	Private investor from Estonia	Private investor from Finland	Private investor from Latvia
When got acquainted with LEGO	At 5 years old	“Constructed some as a kid but it became hobby several years ago.”	“In childhood I already had a big collection”	“Approximately at 10-12 years old when parents gave me LEGO as a present”
Reasons for investing in LEGO	In sets for hobby, in parts and minifigures as a source of income.	Hobby and a way to fund this hobby	Hobby	Differentiate products in account
LEGO investing experience	Close to 4 years	7-9 years, does not remember exact moment	Something around 10 years	Approximately 5 years
LEGO perspectives	“Huge, I am not sure does it even has a peak.”	“Seeing what is happening to sets from 2015, I think current sets in 5-10 years will rise drastically in price.”	“Its popularity only grows, I do not see anything that can stop this growth. Maybe only some plastic revolution.”	“I slightly follow current trends, but I think that LEGO will remain the main toy in the world.”

Source: compiled by the author

As it can be inferred from the table all interviewees got acquainted with LEGO in childhood. It is absolutely logical as again LEGO is considered the most popular toy to give as a present, especially when there is no time to think about what to buy else. LEGO is an iconic toy for generations, and it is very versatile in terms of variability of sets. There are themes and franchises that are loved by all sexes and generations as we found out in theoretical part. It has been a part of many people's childhood memories. This fact highlights

the importance of early experiences with LEGO toys and how they can shape interests and hobbies later in life. According to the investor from Estonia, the process of investing in LEGO has a direct correlation with excitement about this toy and it should not be considered as a job or just a way to earn money.

Regarding the reasons for starting to invest in LEGO only one of the interviewees did not state that he invests mostly due to his hobby, and it is just a way to diversify his selling account in different platforms. Other three mentioned hobby and owner of “Marble Bricks” also added that he also invests in parts and minifigures which is mostly a way to earn money for him due to its “easiness in earning profits with small efforts and high rates of return”. This strategy of earning money in LEGO has not been found in other articles by the author and was not known too. According to the Latvian interviewee the main idea is purchasing small sets in big volumes, disassemble these sets in parts and sort them by colors and types and then sell on LEGO platforms. The approximate rate of return without calculating his own work contribution as cost is 120%, also he provided that it brings him approximately 60 euros per hour of disassembling parts. “In addition to parts there are minifigures in sets, which with time sometimes bring unreal returns too because of unexpected things like death of some character or new season of some TV series.” This strategy of disassembling pieces of sets is a great example of how LEGO investing can involve different levels of skills and knowledge, also it shows how wide this area is. Collectors of LEGO are concerned with almost everything that relates to bricks. The author even found a huge section on the official website with different accessories, clothes items and all different stuff, most of which was even sold out.

Interestingly, for Estonian investor it started as a way to fund his own hobby and buy more sets for himself. As he got more involved in the LEGO community, he started to realize the potential for profit and began to actively invest in it. The ease of buying and selling LEGO online, coupled with the growing demand for retired sets, made it an attractive investment option.

Diverse motivations for investing in LEGO, from hobby to profit, reflect the multifaceted nature of this activity. It can be a source for having fun and bringing pleasure as well as a way to earn money, build financial security, save money from depreciating and diversify portfolios.

The duration of investment for all interviewees is in the range of 4 and 10 years. These numbers are quite proportional to the ages of the respondents and mean that most of

them started doing it at the age of teenager. It is worth noting that duration can have completely different effects on investors. Finnish private investor, for instance, mentioned that he devotes less time to this activity and that is also why he stopped selling LEGO in big platforms. Main causes are his busyness and less excitement to LEGO with time. While Estonian investor said that nostalgia to his childhood periods and love to new sets connected with Star Wars franchise with references to episodes from the past. The varying effects of duration on LEGO investing, from less excitement to a shift in focus, indicate the dynamic nature of this activity over time. As investors grow older, their priorities, interests, and commitments may change, which can affect their motivation and engagement with LEGO investing. This highlights the need for ongoing research on the dynamics of alternative investment and how it intersects with other aspects of life, such as work, family, and personal development.

Based on the responses about LEGO perspectives, it can be generally inferred that LEGO investing has a bright future. Response of the owner of „Marble Bricks“ shows a strong optimism towards LEGO investing, suggesting that the potential growth of this market is limitless. This can be also confirmed by the Estonian private investor who suggests that there is a potential for investors to make substantial profits in the future, especially if they invest in trending sets. When being asked about some sets from the past which showed really high returns, he told about the set 75159 Death Star, which in 2017 costed approximately 400 euros and now its price exceeds 1000 euros. According to him, it can be explained by iconic nature of the set and 27 minifigures included. After several interviews for the author it was also interesting to hear about opinion, that old sets look outdated compared to today's ones. This question was asked only to Estonian and Finnish investors, and they had common opinion that „some sets are that legendary that it does not really matter out of what type of plastic they are made of, some people just ready to pay for feeling of having something unique“ (Finland private investor). His words from the table 3 can also be confirmed by figure 1 from the theoretical part. LEGO's sales are only increasing year by year, shows great perspective for future growth too. According to LEGO's annual report from 2022 they have a lot of projects planned for the future, like a huge collaboration with Disney due to its 100 years anniversary and return of franchise Lord of the Rings from 2012 and 2013 which was a dramatic success at the time. For example, set 9474 The Battle of Helm's Deep costed 120 euros According to Brickeconomy and now it is traded for approximately 500 euros for one set. The same renewal of collaboration is very expected from Pirates of Caribbean. In 2011

there were two ships produced by LEGO: The Black Pearl (4184) and Queen Anne's Revenge (4195), they costed 100 and 120 euros respectively, while now their price is above 1100 euros for the LEGO 4184 and 800 euros for LEGO 4195. Since then there was only one set connected with that franchise, called The Silent Mary (71042). By the author's calculations all these sets provided annual returns from 14 to 23 percent, which is quite a nice indicator. Still there are a lot of posts regarding desires of LEGO fans to be able to have the same sets but for affordable prices since not everyone is able to pay such amount of money. Finally, the last response from Latvian private investor has a more conservative view that acknowledges the growth potential of LEGO investing, claiming that LEGO is still one of the leaders in toy industry. To prove that point the author provided Figure 1 in the theoretical part.

Interviewees' collections

After finding out reasons for beginning to invest in LEGO, the third group of questions in the interview was about the collection. It included information about the size, value of the collection and the newest and oldest sets in it. The results are provided in the Table 4.

Table 4

Interviewees' collection information

	"Marble Bricks" Latvia	Private investor from Estonia	Private investor from Finland	Private investor from Latvia
Size of the collection	Hundreds of boxes with pieces, around 30 unopened sets and hundreds opened and constructed sets	142 sets and 15 ordered	Around 50-70 sets	Around 300 small sets and 150 of medium and big sized ones
Value of the collection	Hard to estimate but around 5000 euros in parts, 4000 euros in minifigures and 4000 euros in boxes	Around 32000 euros	From 10000 euros to 12000 euros	Hard to estimate but close to 50000 euros
Newest set	LEGO 43217 Up House Disney (2023)	LEGO 10316 The Lord of the Rings Rivendell (2023)	LEGO 75331 Star Wars Razor Crest (2022)	LEGO 42156 Peugeot Le Mans Hybrid Hypercar (2023)
Oldest set	"I have a unique minifigure, called "Boba Fet" which was	LEGO 10236 Star Wars	LEGO 71040 Disney World	LEGO 42083 Bugatti Chiron (2018)

	released in 2003. It costs more than 2000 euros. Regarding sets, LEGO 75059 Star Wars Sandcrawler (2014). ”	Ewok Village (2013)	Cinderella Castle (2016)	
Most expensive set	The same from previous response, costs 500 euros approximately	LEGO 75192 Millennium Falcon (2017) for 700 euros.	“I assume that LEGO 71040 is the most expensive one, something around 350 euros.”	LEGO 10307 Eiffel Tower (2022) for 600 euros.

Source: compiled by the author

From the responses given, it is clear that the size of each investor’s LEGO collection varies significantly. The first respondent has a large collection which includes mostly details of LEGO sets, such as parts, pieces and minifigures. He has the smallest number of unopened sets due to the fact that he considers it to be less profitable than investing in parts. In further interview, it will be also explained that storing big sets is one of the main obstacles to having a vast collection. Second response was very precise because Estonian investor have Excel tables with all necessary information that allows to have an exact information about numbers. His collection of sets is much bigger than on the previous one because set investing is the main and the only method he uses. The Finnish private investor due to his probable less excitement has from 50 to 70 sets that he does not track anymore in detail, which is relatively medium comparing to the others. Finally, the last respondent said that he has around 400 sets in total, there are 150 big and medium sets and 300 smalls set which was explained by the fact that he tries to have a high variety of sets in his accounts and diversify through different themes.

The responses to the question about the value of the LEGO collection reveal a wide range of estimates, with the lowest estimate being around 11000 euros and the highest being close to 50000 euros. It is interesting to note that some respondents found it difficult to estimate the value of their collection, possibly indicating that they have not been actively tracking the value or do not consider it to be a priority. It can be assumed that some interviewees lowered their passion to this activity or it is mainly their hobby, that is why they do not want to calculate it as it is „just for fun“. „Marble bricks“ owner diversified his money through three main categories: „sets“, „parts“ and „minifigures“ which are all very close in value of around 4000-5000 euros. It is important to mention half of the value of all minifigures takes mentioned above „Boba fet“ from 2003. Estonian private investor has the

second biggest collection among respondents, which is 32000 euros, according to him, at the moment it is his record number of all time. Finnish investor has LEGO on between 10000 to 12000 which is close to the first respondent. The biggest amount belongs to Latvian private investor who has collection worth around 50000 euros which is logical because of the 400 sets.

Also from the table, it can be seen that the newest sets bought by collectors were released in the range of one year from the moment of conducting interview. However, three out of 4 respondents mentioned that it is not recommended for investors to buy sets in the first year of release because its price during that period is too high. According to them during second and third years of lifespan of the set its price decreases. „It is important to monitor big discount periods like „Black Friday“.“ (Estonian Private investor). Regarding reasons of buying these sets from the table, collectors said that it was mostly due to the personal interest to the set in addition to low price of the seller, 2 out of 4 interviewees acquired sets not from official shops or special marketplaces like eBay and Bricklink.

After discussing the newest set, the author asked about the oldest one as well. Estonian private investor has the oldest set among others which is LEGO 10236 Star Wars Ewok Village from 2013, however, the oldest LEGO item belongs to „Marble Bricks“ owner which is a „legendary minifigure which value is hard to explain to a person who is not into LEGO sphere“ („Marble Bricks“ owner). He explained that he bought this minifigure when it was only 500 euros and still does not plan to sell it. Moreover, according to him, price of 2000 euros is very relative due to the fact that such minifigures are priced according to their condition and it is very hard to correctly estimate its price as well as to find the customer for such rarity things. He is not willing to sell it in the coming years as he expects it to appreciate even more. Regarding oldest set of Estonian investor, he is also very attached to it and believes in its future prospectives. Finland private investor has less old set than previous two, but he has it in quantity of five because according to him this set is the only big set from Disney theme, which is why he invested in it. This set has just retired and already jumped in price by 30% due to this fact. Latvian private investor has the most recent set which is LEGO 42083 Bugatti Chiron from 2018. It is curious that the person with the biggest collection among all interviews does not have sets which were released more than 5 years ago. He explained this fact by saying that usually he keeps sets two more additional years after they retire and then sell, because this strategy provides the biggest returns for him.

Speaking of the most expensive sets, it is interesting to see that all of the most expensive sets are related to popular franchises such as Star Wars, Disney, and landmarks like the Eiffel Tower. This could indicate that collectors are willing to pay a premium for sets that are associated with well-known brands or landmarks. Additionally, the variation in prices suggests that the value of a set is not solely determined by its age, but also by factors such as popularity, rarity, and the level of detail and complexity of the set. Owner of „Marble Bricks“ and Finland investor took sets from the response about oldest set, while sets of Latvian and Estonian private investors are still being produced and have higher price despite this fact. Moreover, according to the official website of LEGO Millennium Falcon set is considered to be the most expensive throughout the whole history of LEGO. When asked the reason for having this set, Estonian investor replied that he expects this set to retire in 2023, that is why he holds 2 of those. Reasons for holding retired sets were mentioned above by the interviewees.

Return opportunities and future of LEGO investing

Then it was a block of questions about return opportunities in LEGO. Mainly collectors were asked about profitability, examples of losing money and segments of LEGO that have a prospective future.

All 4 respondents agreed that it is profitable to invest in LEGO and is not a challenging task and can be accomplished with sufficient effort and patience. „Marble Bricks“ owner said „as in any other business, if you dedicate enough effort, it is almost impossible to be not profitable“. He said that patience plays a huge role and if sales slowed down, there is no need to panic because it usually there are some seasons when people just not eager to buy anything. This aligns with the general principle of investment, where long-term investments tend to yield better returns. However, it is worth noting that LEGO investing, like any other form of investing, involves risks and requires due diligence and research to minimize potential losses. Risks and obstacles will be disclosed in the last block. Estonian investor added that LEGO investing is great in a sense that almost any set is profitable if you invest correctly. He provided an example of share investing as some company can become bankrupt or have losses which will cause a decrease of the share price. According to him, LEGO sets decrease slightly in price only when there is a rerelease of specific set, but still some sets are not affected by that. Understanding of the LEGO market and demand trends is crucial in this activity according to three respondents and that with enough experience some people in advance see which sets will have a high return in years.

Overall, in this question all four interviewees were common in fact that LEGO is stable in terms of profitability because it appreciates every year, especially after retirement.

According to “Marble Bricks” owner most profit he gains from selling part and minifigures his returns sometimes even rich 100% because parts are cheap, and he doesn't pay commission by not exceeding exact amount set by Bricklink. In terms of sets, he could not provide exact percentages as according to him it varies significantly. Other collectors also partially mentioned this too. According to the Estonian investor some sets in which you believe in terms of future inevitable growth could increase in price slightly while some sets which were bought “randomly”, show unexpectedly very high rate of return. This is also proves the idea that collectible investors depend sometimes on a matter of luck and situation which are almost unpredictable.

When discussing the fact that it is challenging to be unprofitable with investing in LEGO, the respondents were asked about instances when they experienced losses. Two investors shared incidents when they damaged some of their boxes, leading to a condition being inappropriate for selling this set for profitable price. “Marble Bricks” owner told about the case when he suddenly dropped several boxes, and they opened after the crash. According to him, opened boxes cost at least two times less than unopened. Comparable situation with worsening box condition happened to the Finnish investor, due to his inexperience at the beginning of investing he stored LEGO incorrectly which caused them to become dusty and discolored when being placed in front of the sun. Estonian investor told about the situation when he held a Star Wars set for too long which was updated in several years and that caused fall in price of that set. According to him, despite that fall he was profitable, but profit could be even higher if he sold it earlier.

These incidents highlight the potential risks involved in LEGO investing, which includes damage to the sets, incorrect storage, and changes in demand and popularity. To minimize these risks, it is important to conduct thorough research and due diligence before investing in a set, and to consider factors such as the set's condition, rarity, and market demand. It is also crucial to properly store and handle the sets to maintain their value. While investing in LEGO can be profitable, it is not without its risks and requires careful consideration and attention to detail.

The risks, costs, and constraints associated with LEGO investing

As it was already mentioned by collectors in the fourth block of questions, LEGO carry some risks concerned with the quality of the box as well as constraints and nuances

about storing, tracking, packaging LEGO. From the theoretical part we found out that just like classic cars or other collectible items, the condition of LEGO sets is a crucial factor in determining their value. Sets that are in pristine condition with unopened packaging and no damage are highly sought after by collectors and investors, and can command a premium price. On the other hand, sets that have been opened, damaged, or show signs of wear and tear are likely to be worth significantly less. Thus, investors in LEGO, like investors in classic cars, must pay close attention to the condition of the items they are buying and storing them in a way that minimizes the risk of damage. By understanding the importance of condition in determining value, LEGO investors can make informed decisions and maximize their potential returns. Therefore, it is crucial to acquire such details from a collector who possesses sufficient experience in this regard.

This block of questions pertains to risks, costs, and constraints associated with investing in LEGO. The first question aims to identify the main obstacles and difficulties that potential investors may face while investing in LEGO. The second question seeks information on how interviewees store their LEGO collections to ensure their preservation. The third question explores the main costs associated with maintaining a LEGO collection, such as storage and display expenses. The fourth question inquires about the preferred marketplaces for buying LEGO sets, which could potentially impact the prices and quality of the sets. The fifth question seeks to determine the minimum initial capital required to start investing in LEGO, which may provide insight into the accessibility of LEGO investing. The sixth question is directed towards identifying convenient and trustworthy platforms/marketplaces for trading LEGO. Finally, the last question asks for advice and insight from experienced investors on common mistakes made by beginners in LEGO investing and what factors contribute to success. The main answers are provided in Table 5. Answers to the first questions are divided into different subsections.

Table 5

Factors and considerations for LEGO investment

	“Marble Bricks” Latvia	Private investor from Estonia	Private investor from Finland	Private investor from Latvia
Risks	Damage of boxes and loss of expensive	“Possible plastic revolution and condition worsening.”	Problems with transportation like during pandemic and possible	Fall of shelves with all boxes or fire

Obstacles	parts and minifigures “Periods of silence, when no one buys anything.”	Not knowing what to buy and impatience with selling	“obsolescence” of a set. Not knowing right time to sell exact set	Problems with tracking sets
Where to Store	At home in different rooms with space and wardrobes	At home in storage room	At home in storage room	In the warehouse
How to store	In cool, dry places with not cold, not warm temperature (20°C)	Not under the sun. Out of dust and at room temperature.	In closed places with temperature around 20-25°C, preferably in additional boxes	In cool places, wrapped in film.
Marketplaces	eBay, Bricklink	Facebook, Bricklink, eBay, kaup24	Verkkokauppa, Bricklink, Facebook	Amazon, Facebook, eBay, Bricklink

Source: compiled by the author

According to the respondents, LEGO investing, like any other investment, comes with its own set of risks. The most common risk that most of the interviewees mentioned was connected with the condition of the box. This can happen during transportation or while the LEGO is being stored. It is essential for investors to take proper precautions when storing their LEGO to avoid damage and loss. In addition to that, „Marble bricks“ owner shared that there is a common problem for him of losing some parts and minifigures or even small sets, especially during periods. Estonian investor added that there could be a possible risk for LEGO that plastic usage could be limited which will cause them to change their product significantly or reduce volumes of sales. According to LEGO executive Tim Brooks, company has been testing how to use different type of plastic made from ethanol. LEGO investing 310 millions of pounds towards the development of sustainable materials for its iconic building bricks. Despite this initiative, the company has encountered significant challenges in its pursuit of a viable alternative to the conventional oil-based plastic (Helena Lambert, 2020). As well as they plan to completely get rid of plastic in their products by 2030, they expect to ditch plastic bags by 2025 too. This also shows that LEGO is fully concerned about environmental impact and they do not save money on this issue. Finland investor pointed out that there are risks connected to transportation issues which to his experience occurred during pandemic. Covid-19 significantly increased price of the

transportation and even took away an opportunity to send packages to several regions. In addition to that, he also shared that some of the sets have a risk of being outdated due to low quality of plastic in the past and rerelease of the set with improved version which also negatively affects the price of the set. Laurs (2017) also mentioned this kind of risk, called stylistic risk which is common to collectible assets.

In terms of storing, all 4 respondents does not pay any direct costs as 3 of them store it at the place of their residence and Latvian investor due to his huge collection store it in the personal warehouse. The fact that three investor keep their sets at home is pointing out that their collection is not very big and that they have a spare place in their flat which allows them to do it. Latvian investor due to having his company's warehouse keep it there and does not pay any costs other than cost of maintaining this warehouse which are attributed to the company's costs.

In addition to that, collectors shared about nuances and details on how it is correctly store LEGO. All of the responses provided some useful guidelines for storing LEGO. Overall, it can be summed up that all investors pointed out on importance of keeping LEGO in cool and dry places, away from direct sunlight and dust. „Marble Bricks“ owner also mentioned exact temperature close to 20 degrees Celcium as well as Finnish investor (from 20 to 25 degrees celcium). Moreover, Finalnd private investor shared that even better protection can be achieved by putting LEGO in additional protective boxes which can also be used for sending packages. Similar to him, Latvian private investore wraps his sets in film to protect sets from dust. Overall, proper storage of LEGO can help prevent discoloration, warping, and other damage, which can affect the value of the sets over time.

As and advice, the respondents also highlighted the importance of having a good understanding of the LEGO market and demand trends. It is crucial to know which sets are likely to appreciate in value and which ones might not. This requires keeping up with current events, new releases, and market trends. The Finnish investor mentioned that he pays attention to the popularity of themes and licensed products, as those tend to hold their value better in the long run. The Latvian investor also mentioned that it is essential to have a good network of LEGO enthusiasts and collectors to exchange information and find good deals. Additionally, it is worth noting that LEGO investing is a niche market, and there is a limit to how much one can invest in it. Hence, it is advisable to diversify one's investment portfolio and not rely solely on LEGO investing. Lastly, all the respondents mentioned the importance

of keeping their sets in good condition, as damage or missing pieces can significantly impact their value.

Regarding marketplaces, the most common were Bricklink and Facebook, because Bricklink is a platform used only for LEGO trading, where you can buy everything from parts to whole sets. The main advantage is that there are no big commissions as in eBay. There are certain commissions only if you exceed exact limits and commission from Paypal. Facebook is popular because there you can trade locally and have zero commission in addition to have an opportunity to meet person in real life.

Conclusion

Collectible investment is a type of investment that is served as an alternative to stocks and bonds. There are many diverse types of collectible items, such as alcohol, stamps, cars, toys, art, coins, and more others. Every category is common in a way, their supply is limited which makes them unique with time. Among them there is also LEGO which is a very prospective collectible with undervalued potential. This thesis proved that this kind of activity have the ability to bring not only pleasure but also monetary profit as well.

In the theoretical part, the author described main types of collectibles and their similarities and differences compared to LEGO investment and analyzed previous literature on this topic.

In the empirical part, the author conducted an interview with 4 different investors from Latvia, Estonia and Finland. For this topic, only qualitative approach was a proper one as there is too little data for quantitative analysis. However, due to a relatively small sample results need to be considered as mostly general. This topic still is very unstudied and requires further research and the author is sure that some points of LEGO investing were not mentioned in this work.

As we found out LEGO investing is very popular among people of the ages from 18-35 due to the fact that most of them played LEGO in childhood which caused them to continue their hobby in the future. This type of investment allows to combine pleasant with useful. According to some of investors, initial capital plays a small role in the beginning as LEGO provides cheap sets too. However, since the start of investing, collectors have to be ready for obstacles which are carried by LEGO. Among these risks there are storing, tracking, damaging, "obsolescence", transportation and some other mentioned in the research. In addition, investing in LEGO shares some similarities with investing in stocks, as it necessitates a thorough examination of the market and an understanding of which sets are

likely to be discontinued in the near future, which franchises will be popular, and which sets are in limited supply. Of course, luck also plays a role. For instance, the value of the gray Aston Martin in the car industry skyrocketed after its appearance in the James Bond franchise, which is an unpredictable event. Similarly, the death of a character in a movie is impossible to anticipate. Nevertheless, conducting an analysis is an essential aspect of investing in LEGO.

The research suggests that experience or education in sphere of economics or finance helps people better organize their business and be more successful in market analysis. Patience also plays a big role as LEGO requires time for sets to grow, which is why it has to be considered as long-term investment. Quality of the boxes are very important for LEGO collectors, that is why investors must pay closer attention to storing LEGO, which is recommended to do at cool and dry temperature at around 20-25 degrees Celsius. Some investors advice to use additional protection boxes and films. Regarding platforms, it is recommended to first try trade on Facebook and Bricklink and then with time, practice in others too.

This paper tried to provide an in-depth explanation of LEGO investing, including its constraints, methods for addressing those constraints, and potential investment strategies. Additionally, the thesis offered recommendations on how to monitor, store, purchase, and sell LEGO, as well as provided an overview of the primary marketplaces for LEGO investment activity. The study was made to contribute to the existing body of knowledge on collectible investing and will serve as a valuable resource for prospective LEGO investors in the Baltic region.

All in all, as it was mentioned, there are still a lot of room for further research, especially including territorial differences which are not common to the Baltic region.

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Appendices

APPENDIX A

Interview questions on LEGO investing experience

1) Questions about the interviewer:

- How old are you?
- What is your profession?/What is your job?
- What is your level of education?

2) Acquaintance with LEGO and its transition to investing in it

- When did you get into LEGO?
- Why did you start investing in LEGO?
- When did you start investing in LEGO? / How long have you been investing in LEGO?
- Would you say collecting LEGO is more of an investment or a hobby for you? Why is that?
- What are the perspectives of LEGO?

3) Questions about the collection:

- How many LEGOs are there in your collection? / What is the size of your LEGO collection?
- What is the approximate value of your collection?
- What is the oldest and the newest LEGO set in your collection? Hereby I refer to the year of a release of a LEGO not to the year of acquiring.

4) Return opportunities of investing in LEGO

- Based on your own experience, is it profitable to invest in LEGO? Do you have any examples of profitable investments in LEGO?
- Have you ever lost money when investing in LEGO?
- Could you please themes of currently undervalued LEGO sets that have a remarkable value growth perspective in the future?

5) The risks, costs, and constraints associated with LEGO investing

- Could You please outline main risks and obstacles that you have faced while investing in LEGO?
- Where do you store LEGO
- How do you store LEGO?
- Could you outline main costs associated with maintaining a LEGO collection?

- Where do you buy LEGO sets?
- From your point of view, what is the minimum initial capital required to start investing in LEGO?
- Could you please bring examples of convenient and trustworthy platforms/marketplaces for trading LEGO?
- To conclude: in your opinion, what mistakes beginner investors make and what advice you could give them? What makes investor successful by your experience?
- Do you want to add anything?

APPENDIX B

Pictures of LEGO sets

LEGO #75192 Millennium Falcon



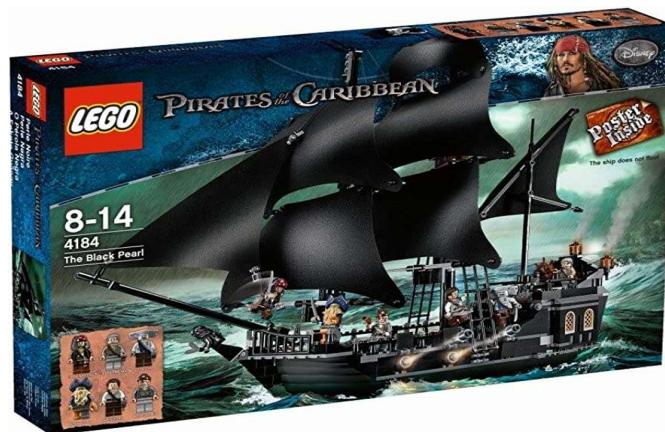
LEGO #10307 Eiffel Tower



LEGO #21327 Typewriter



LEGO #4184 Pirates of the Caribbean The Black Pearl



LEGO #10316 The Lord of the Rings Rivendell



Resümee

LEGO mänguasjad kui kogutav investeering

Aleksandr Kukharev

Selle bakalaureusetöö eesmärk on tuvastada LEGO investeerimisega seotud võimalikud riskid, piirangud ja võimalused. Seda arvestatakse Lätis elavate isikute puhul, Eesti, ja Soome. Lõputöö autor viib läbi olemasoleva kirjanduse põhjaliku analüüsi kogutava investeerimise teemal, pöörates erilist tähelepanu LEGO investeerimisele. Uuring hõlmab ka kvalitatiivsete intervjuude läbiviimist LEGO kogujate ja investoritega Balti regioonist, pakkudes uurimisele kvalitatiivset lähenemist. Selle uuringu peamine eesmärk on anda põhjalik selgitus LEGO investeerimisele, sealhulgas selle piirangutele, meetoditele, nende piirangute lahendamisele ja potentsiaalsetele investeerimisstrateegiatele. Lisaks pakub lõputöö soovitusi LEGO jälgimise, hoidmise, ostmise ja müümise kohta ning annab ülevaate LEGO investeerimistegevuse peamistest turgudest. Uuringu eesmärk on aidata kaasa olemasolevatele teadmistele laekuva investeerimise kohta ja olla väärtuslik ressurss tulevastele Lego investoritele Balti regioonis.

Teoreetilises osas kirjeldas autor kollektsiooni põhitüüpe ning nende sarnasusi ja erinevusi võrreldes LEGO investeeringuga ning analüüsis varasemat selleteemalist kirjandust.

Empiirilises osas viis autor läbi intervjuusid 4 erineva investoriga Lätist, Eestist ja Soomest. Selle teema jaoks oli sobilik ainult kvalitatiivne lähenemine, kuna kvantitatiivseks analüüsiks on liiga vähe andmeid. Kuid suhteliselt väikese valimi tõttu tuleb tulemusi pidada enamasti üldisteks. See teema on endiselt väga uurimata ja nõuab täiendavaid uuringuid ning autor on kindel, et mõned punktid LEGO investeerimist selles töös ei mainitud.

Nagu me teada saime LEGOsse investeerimine on väga populaarne vanusevahemikus 18-35 aastat, kuna enamik neist mängis lapsepõlves legodega, mis pani nad oma hobi ka tulevikus jätkama. Seda tüüpi investeering võimaldab kombineerida meeldivat kasulikuga. Mõndade investorite sõnul mängib algkapital alguses väikest rolli, kuna LEGO pakub ka odavaid komplekte. Kuid alates investeerimise algusest peavad kollektsionäärid olema valmis takistusteks, mida LEGO kannab. Nende riskide hulgas on ladustamine, jälgimine, kahjustamine, "vananemine", transport ja mõned muud uurimistöös mainitud. Lisaks investeerimine LEGOsse jagab mõningaid sarnasusi aktsiatesse investeerimisega, kuna see nõuab turu põhjalikku uurimist ja mõistmist, millised komplektid lähitulevikus tõenäoliselt lõpetatakse, millised frantsiisid on populaarsed ja millistele komplektidele on piiratud

pakkumine. Muidugi mängib rolli ka õnn. Näiteks tõusis halli Aston Martini väärtus autotööstuses hüppeliselt pärast selle ilmumist James Bondi frantsiisis, mis on ettearvamatu sündmus. Samamoodi on võimatu ette näha filmi tegelase surma. Sellegipoolest on analüüsi läbiviimine LEGOsse investeerimise juures oluline aspekt.

Uuringud näitavad, et kogemus või haridus majanduse või rahanduse valdkonnas aitab inimestel oma äri paremini korraldada ja turuanalüüsis edukam olla. Suurt rolli mängib ka kannatlikkus, kuna LEGO nõuab komplektide kasvamiseks aega, mistõttu tuleb seda pidada pikaajaliseks investeeringuks. Pakendi kvaliteet on väga oluline LEGO kollektsiooni juures, mis on põhjus, miks investorid peavad pöörama suuremat tähelepanu LEGO ladustamise juures, mida on soovitatav teha kuivas kohas ja jaheda temperatuuri juures mis on umbes 20-25°C. Mõned investorid soovivad kasutada täiendavaid kaitsekaste ja kilesid. Platvormide osas on soovitatav kõigepealt proovida kauplemist Facebook ja Bricklink ja siis aja jooksul harjutada ka teistes.

Selles artiklis püüti anda põhjalikku selgitust LEGO investeerimisele, sealhulgas selle piirangutele, nende piirangute käsitlemisele ja potentsiaalsetele investeerimisstrateegiatele. Lisaks pakkus lõputöö soovitusi LEGO jälgimise, hoidmise, ostmise ja müümise kohta ning andis ülevaate LEGO investeerimistegevuse peamistest turgudest. Uuring tehti selleks, et aidata kaasa olemasolevatele teadmistele täienduseks.

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Aleksandr Kukharev

11/05/2023