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MKT 2300  
May 15, 2022

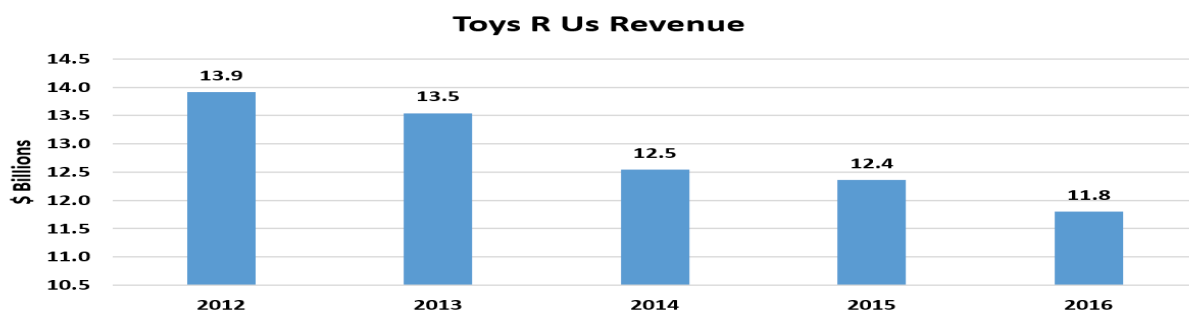
# Toys "R" US



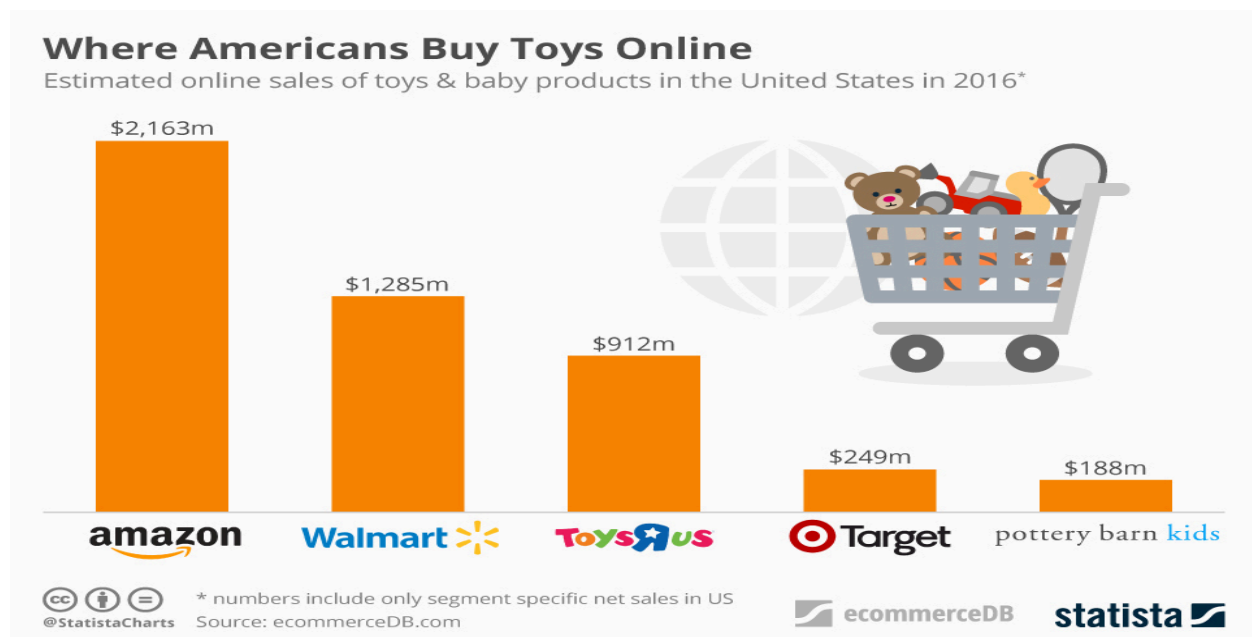
Toys “R” Us is the world's largest children's speciality goods store. It's a store that brings everyone in your family and friends together with a big smile on their faces. Its target demographic comprises not just children of all ages, but also their parents, grandparents, aunt, and uncles, as they are the ones who ultimately purchase the toys. Although advertising frequently targets children, who enjoy the products the most. Toys R Us finds that the majority of their customers are parents, which means that they also have adult games and learning games that they can play with their children, but for some of their video games, the older teenager typically has a high enough discretionary income to spend on the highlighted games in store. The corporation owns and runs toy stores worldwide, and it is publicly traded through United State Stock Market. It's one of the best places to shop for holiday and birthday gifts, as well as a safe environment to spend quality time together and get to know each other better. Not only to bring people together but also to highlight their educational dedication by offering children a learning experience through play. It is also a playground for children, kids, parents, and grandparents.

After returning from World War II, Charles Lazarus launched Toys R Us in 1948. It began as a furniture store at first, in Washington, D.C. called Children's Bargain Town, before focusing solely on toys. He decided to open a shop in his father's bike repair shop. Rather than bikes, he sold cribs, carriages, strollers, high chairs, and other baby-related items. Then the company formally took the moniker Toys R Us in 1957. In the article “Inside the wild and tumultuous history of Toys R Us, a once-beloved children's brand that just closed its last 2 stores in the US”, by Bethany Biron and Erin McDowell, states that “Lazarus was able to corner the market by buying and selling so many toys that he could negotiate more

lucrative contracts than his competitors”. This quote shows that Lazarus had amazing ideas to make his store pop. Since people didn’t use the internet a lot at the time, people could not buy and deliver goods to their homes. People would leave their luxury homes and walk to the store to learn or purchase toys. One of his ideas was to bring famous people into the store so “kids and their parents would line up for hours to meet their favorite stars — and do a little shopping while they were there” (Biron & McDowell, 1). This is where he plays mind games with customers; you come for one thing and leave with several items. Customers would waste time by walking down the aisle and grabbing anything that caught their eye. In the article “Inside the Rise and Fall of Toys ‘R’ Us”, by ERIN BLAKEMORE, states that “ he knew he wanted to go into business, and he knew—long before the term “baby boom” was a common phrase—that his friends were about to start having lots of babies”. This shows that Lazarus knew exactly who he was going to target, the idea of creating a store where parents can acquire whatever their child wants and needed. He was one step closer to helping his friends and running a successful business because he was selling toys, educational products, baby merchandise, and children's apparel. Toys R Us created the renowned Geoffrey the Giraffe mascot in 1969. Over the years, the character grew linked with the brand and its advertising campaigns. Toys R Us began growing into big cities such as New York in the 1990s and early 2000s.



The image above shows that Toys “R” Us did, however, become a manufacturing sector innovation, but this was not always the case. Toys "R" Us got through to a strong start. They were able to stay at the top of their game thanks to their creativity and ability to stay ahead of the competition. Other competitors like Amazon, Walmart, and Target, on the other hand, began to succeed in toy sales and began to steal money away from Toys "R" Us. Corporate executives used the tired argument that new toys were fads and that there was no need to invest money recreating the company. Meaning they have gone bankrupt. The company declared bankruptcy in 2017 and closed all of its outlets in the United States in 2018.



Even though toys are sold everywhere around the world, the image above shows that toys R Us has been losing sales mainly to competition from large retailers such as Amazon, Target, and Walmart. This is because Toys R Us did not evolve; it remained unchanged throughout the year. Toy R Us was forced to close worldwide during the pandemic since it

wasn't earning any profit because no one was able to go outside. Because many individuals stayed at home and felt bored, online shopping became extremely popular, providing easy access to online items in-store as well as same-day delivery and in-store pickup options.

People nowadays expect quick and simple service and products. In the article “Amazon didn't kill Toys 'R' Us. Here's what did”, by Chris Isidore, states that “Toys "R" Us also lost sales to online rivals such as Amazon that offered lower prices and quick shipping”. Toys R Us exclusively just sells toys. But, Amazon, the largest seller, provides excellent customer service and the convenience of online buying with extremely fast shipping, eliminating the wait time associated with online shopping, they offer reasonable prices, a vast product catalog, and shopping security, and tailor their products on display to each individual buyer. Target and Walmart, the second largest retail chain in the United States, have everything in the store, which provides one-stop shopping, allowing customers to do all of their purchasing without having to make several stops. A family can buy both a toy and food in the same store, eliminating the need to go to another store. It has an aggressive discounting approach and focuses on units sold. The company is expanding its inventory, with a focus on environmentally friendly products. With a larger holiday toy inventory, early holiday discounts, and toy departments, it has increased its involvement in the struggle for sales. Some of its promotions are aimed at younger customers through sponsored social media marketing.

Toys R Us is concerned about the purchasing experience. They provide a good and unique experience to the customer from the moment he or she enters the store. Toys R Us

will always be the same ideal place, but now it will strive to provide customers with a great shopping experience by providing timeless, one-of-a-kind specialty stores, playthings, and well-trained sales personnel.

One recommendation for future success is to boost advertising on the internet and radio. Nowadays, technology is present everywhere; everyone is on their smartphone or watching television at home. Consumers enjoy it because it's simple to understand, fun, and engaging, and marketers like it since it has the potential for a massive return on investment across multiple channels. So, in order to capture the attention of baby boomers and Generation Z, we need something that will stand out or blow our minds. Generation Z is the easiest to target because when we see something new or exciting on social media like Snapchat, Instagram, or Tiktok, we buy it without hesitation. Baby boomers, on the other hand, are difficult to spot since they spend their time researching, they will look for an item to see if there is something better than that and visit other stores to see if they have a better deal. To catch their attention, use platforms like Facebook and Instagram. Baby boomers enjoy shopping online because it allows them to take their time and keeps their goods in the cart in case they return to purchase the item. Only Generation X and Generation Y are really reading handprint newspapers. They love to provide for their family to see them happy. Grandparents would buy anything their grandkids wants. Also, most people enjoy driving, so a big bright banner in the middle of the highway will capture a lot of people's attention.

In the article “ Amazon didn't kill Toys 'R' Us. Here's what did”, by Chris Isidore, states that “Better employees make for happier customers”. Another suggestion is to hire

young employees because they are more enthusiastic and enjoy playing with toys and board games, so they will know what the customers want when they walk into the store. Parents would approach one of the younger staff members to seek their point of view on what they would recommend when shopping for their children or playing games together as a 'family game night'. Also, young employees will bring a new viewpoint and way of thinking to your company.

Another proposal is to reduce the price of the toys. By giving a low price, you can attract a big number of clients when using penetration pricing. Customers have been looking online or at other stores to get better or cheaper products because Toys R Us is quite expensive nowadays.

In the nation world news, "Iconic brand that went bankrupt making comeback with new flagship store", by Travis Pittman, states that "Toys "R" Us is making a brick-and-mortar comeback with a new two-story flagship store...Toys "R" Us is also planning shops inside more than 400 Macy's stores starting in 2022. It also opened a digital flagship store earlier this year". This demonstrates that Toys R Us is returning with a twist; instead of having its own store, Toys R Us will be located inside Macy's, allowing shoppers to accomplish all of their shopping without having to make many stops. Inside Macy's, you'll find everything you need; they sell a large range of merchandise, including men's, women's, and children's clothing and accessories, cosmetics, home furnishings, and other consumer goods. Also, if you are hungry, there are several types of food available throughout the mall. Macy's is a well-known department store in the United States, so everyone knows about

Macy's. It is also an ideal location because it is overflowing with children, parents, and grandparents. Toys R Us will start manufacturing larger and better profits as a result of its partnership with Macy's.

## **S.W.O.T ANALYSIS:**

Strengths:

- A broad reach with a diverse range of items.
- The popularity of the company and its effective distribution network
- Owns a distinctive baby brand
- Toys for all children, even with special needs
- The retail industry is financially healthy because it has easy access to capital and bank loans.
- Good Returns on Public Investment, implying that Toys R Us is generally successful at executing new projects and has achieved good returns on capital expenditure by developing new revenue opportunities.
- High level of customer satisfaction, which the company has been able to accomplish through its specialized customer relationship management department, as well as good brand equity among potential customers.



## Weaknesses:

- Because it relies on consumer spending patterns, the industry is harmed by variables that reduce consumer spending, such as consumer confidence, employment level, loan availability, recessions, etc.
- Differentiation is challenging in the toy sector. As a result, competitors may only compete on price, availability, and product range.
- Inventory days are high in comparison to competitors, requiring the company to raise additional funds to spend on the business. Which may have an impact on Toys R Us's long-term growth.
- The product promotion leaves a lot to be desired. Although the product is a sales success, its strategy and unique selling offer are not well defined, which may lead to competitor attacks throughout this market.
- Budgeting is ineffective and inefficient.
- Because the organizational structure is only consistent with the current business model, expansion into neighboring product sectors is limited.
- In comparison with its competitors, it wasn't very effective at estimating product demand, leading to a higher proportion of missed opportunities. Toys R Us is not particularly effective at demand forecasting, therefore it ends up retaining more goods both in-house and in the channel, which is one of the reasons why its days stock is high in comparison to its competitors.

### Opportunities:

- Going digital will allow businesses to not only sell online but also improve their relationship with customers and their customers' experience (search and explore products, as well as complete transactions through the internet).
- Consumer spending will increase as the economy recovers from the crisis.
- Customers acquired through the online platform that the corporation may benefit from this opportunity by better understanding its customers and meeting their demands through big data analytics.
- The marketing strategy will result in the loss of competitors' advantages, allowing Toys R Us to strengthen its efficiency in comparison to other competitors.
- With more cash in the bank, the corporation can invest in new technologies and market sectors. That should provide Toys R Us with new opportunities in other market segments.
- New consumer behavior trends may offer up new markets for Toys R Us. It provides an excellent opportunity for the company to create new revenue streams while also diversifying into new products.

### Threats:

- A drop in birth rates has a detrimental impact on the toy sector, as the major commodities are destined for children and babies.
- Because there are no entry restrictions, the retail industry has been impacted by the growth of e-commerce and other rivals. As a result, there has been an increase in price competition and promotional reductions, as well as better profits.

- Toy demand is changing: children are more drawn to technological devices rather than traditional toys.
- The retail industry is extremely competitive.
- The market is dominated by online sellers.
- Growing supplier strength poses a challenge in some markets since competition pays higher margins to local distributors.
- The growing isolationism in the American economy may prompt a similar reaction from other governments, negatively harming worldwide commerce.
- A skilled labor shortage in key worldwide areas threatens Toys R Us's ability to maintain consistent profit growth in such markets.

In conclusion, many people lost their jobs at Toys R Us. Since Toys R Us is coming back and partnering with Macy's around the world, many people would be satisfied. Toys R Us has pushed itself to be a good brand partner by maintaining profits and developing market development fund initiatives in ways that Amazon, Target, and Walmart do not.

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