

Toys R Us Returns to the Market, with Target's Help

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Kids don't have to grow up after all. Toys R Us kids—the iconic toy retailer that declared bankruptcy and shuttered all its stores in 2018—is back in business with a little help from Target.

On Tuesday, Target announced that it has teamed up with Toys R Us parent company Tru Kids Brands to power the toy retailer's revamped website.

The new website, ToysRUs.com, features videos and articles on toy trends and new brands, as well as product reviews. The site's shopping function will redirect consumers to Target.com, and Target will carry out the order fulfillment.

Target will serve a similar role for the experiential stores that Toys R Us will launch later this fall in Texas and New Jersey. The new stores will focus on a showcase approach, prioritizing providing product discovery experiences over extensive shelf space.

"Our U.S. strategy is to bring back the Toys R Us brand in a modern way through a strong experiential and content-rich omnichannel concept," said Richard Barry, CEO of Tru Kids, in a statement. "The foundation of that strategy requires the help of a retail industry leader, and Target is the ideal retailer to support a new Toys R Us shopping experience."

Toys R Us shoppers will be able to use all Target services and discounts, including same-day delivery, loyalty benefits, and curbside pickup.

When Toys R Us shut down last year, Target was expected to see a \$600 million sales boost.

“When Toys R Us shuttered, everyone looked to [see what Target would do],” says Beth Perro-Jarvis, a retail industry analyst with brand research firm Ginger. “People immediately saw an open space on the dance floor for someone to come in and do something to replace the void, so this seems to make some sense.”

Though it has not been disclosed how the revenue share will work between the two companies, Perro-Jarvis and her colleague Mary Van Note say that Target benefits from this arrangement because it serves as a low-risk answer to Amazon’s dominance.

It also adds to Target’s toy inventory at a lower cost. Plus, the expanded selection and favorable sentiment people have toward the Toys R Us brand gives people more of a reason to look to Target for their toy shopping needs.

Consumers also stand to benefit from a more efficient shopping situation than Amazon, say Perro-Jarvis and Van Note.

“Amazon’s upside is also its downside, because it has unlimited options, but it has unlimited options, and that can be daunting for a busy mom,” says Perro-Jarvis. “[Target/Toys R Us is] a somewhat more managed shopping experience—you can get to the good stuff fast.”

Adds Van Note: “Target may have recommendations, while on Amazon you could search for days—it’s hard to tell what’s junk, what’s from China, what you can’t even open because there’s so much plastic on it.”

Target and Toys R Us certainly aren’t the only retailers to join forces. For instance, Nordstrom has built whole sections on its floors dedicated to outside clothing brands.

Perro-Jarvis and Van Note see the Target-Toys R Us arrangement as another iteration of that strategy. And they wouldn’t be surprised if more retailers follow suit as stores across the country continue to close. (Here in Minnesota, toy business Creative Kidstuff closed in April, while Sears has closed multiple locations in the state.)

Van Note and Perro-Jarvis are glad to see Toys R Us find a way to avoid such fates.

“You can see guests missing the resource [of Toys R Us] right now,” says Perro-Jarvis. “So, it’s nice to have it come back in some form from someone trusted like Target.”

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