

Case study finance investment marketing essay



**ASSIGN
BUSTER**

The company we chose for this assignment is Toys “ R” Us. The purposes of doing this assignment are fulfilled the requirement of the subject ABDT3273 Marketing and more understandings in Marketing. Our assignment included the Toys “ R” Us background, segmentation, targeting and positioning, marketing mix strategy, recommendations. Our group members included five members which are Teoh Wen Dee, Tan Si Min, Lim Yong Rou, Michelle Lim Mei Chern and Lim Yee Theng.

Toys “ R” Us is the biggest range of hot toys and holiday gifts retailer in Malaysia. The products sold in Toys “ R” Us included education toys, dolls, model cars and so on. In other words, Toys “ R” Us is a comfortable place for children and it is also children’s paradise. In this shop, children can enjoy and gain their knowledge while playing with the toys. “ R” in the Toys “ R” Us represent four different words which are rapid, real, reliable and responsible. In other words, they will best serve their customers, employees, shareholders, communities and kids with the meaning of the “ R”.

During the completion of this assignment, we managed to build up strong relationship between our group members and we had learnt how to prepare a proper report of a company. Due to the cooperation carried out by each member in our group, we able to finish this assignment on time.

Company Profile

Background of Toys “ R” Us

Toys “ R” Us is a toy store chain headquartered in Wayne, New Jersey, United States. The chain also has locations in Europe, Asia, Oceania, Africa, and Canada. The company currently operates 840 stores in the United States

and 716 stores in 34 other countries, with some of them under franchises or licenses. The flagship store in New York City's Times Square is the largest toy store in the world, featuring a colorful Ferris wheel. It is the largest toy-centered retailer and the second largest overall toy retailer in the United States.

History of the company

Founder Charles Lazarus realized in the company's early days that success in the toy business meant focusing on the everyday shopper, such as a parent searching for the perfect birthday gift or a child is hoping to spend their weekly allowance on a much coveted toy. Today, Toys "R" Us embodies those same ideals by focusing on a memorable shopping experience for customers through classic, in-demand and exclusive merchandise, unique feature shops, a knowledgeable and toy-trained sales staff and by providing great values every day.

Charles initially started Children's Supermart, which would later evolve into the modern day Toys "R" Us in Washington, DC during the post-war baby boom era in 1948 as a baby furniture retailer. Its first location was at 2461 18th St, NW, where the nightclub, Madam's Organ Blues Bar is currently located. Lazarus began receiving requests from customers for baby toys. After adding baby toys, he got requests for more mature toys. Eventually, the focus of the store changed in 1957 and Toys "R" Us as it is known today was born in Rockville, Maryland. Toys "R" Us was acquired in 1966 by Interstate Stores, owner of the White Front and Topps Department Stores as well as Children's Bargain Town USA, a sister toy store chain to Toys "R" Us

in the American Midwest which would later be rebranded as part of the Toys “ R” Us chain.

Li & Fung Retailing became a licensee of Toys “ R” Us and acquired 100% ownership of Toys Li & Fung (Asia) Ltd in 2002, for the business in Mainland China, Hong Kong, Taiwan, Singapore, Malaysia, Thailand, The Philippines and Macau with provisions for entry into new geographic markets including other South East Asian countries. Until today, there are 131 stores in 8 Asian markets, 22 stores in Malaysia.

Nature of Business

Toys “ R” Us is provide a place for children and adults to buy their favorite toys. Their products is not only for play or fun, they are also selling some toys can be educated. In addition, they are selling some outdoor Toys which is camp tent, it provide a family go to outdoor for natural experience. Besides, baby also can found their related product such as diapers, milk bottle.

Vision

To be the dominant toy and educational toy retailer for children in Asia offering the right products, at the right price, at the right place, at the right time in a pleasurable and convenient shopping environment.

Mission

To nurture and develop the core competence of the Toys “ R” Us retailing chain for the benefit of our stakeholders (customers, shareholders, and employees).

Operations

As of mid-Feb, 2011, Toys Li & Fung (Asia) Ltd operates 131 stores in 8 Asian markets. In Malaysia, there are 7 main stores, 11 Toys “ R” Us Express stores and 4 Toy Box.

Toys “ R” Us stores are located in 6 states in Malaysia where each state have at least one store operated which is Penang, Kuala Lumpur, Johor, Pahang and Terengganu and Sarawak,

State

Shopping Mall

Penang

Gurney Plaza, Queensbay Mall, Sunway Carnival

Kuala Lumpur

Ikano Power Centre, One Utama Shopping Centre, Tropicana Mall, Mid Valley Meagamall, Pavillion, Bangsar Village, Hartamas Shopping Centre, Alamanda, Suria KLCC, Great Eastern Mall, IOI Mall, Empire Shopping Gallery

Johor

Tebrau City

Pahang

East Coast Mall

Terengganu

Mesra Mall

Sarawak

1 Borneo HyperMall, Miri, Hills Shopping Mall, Kuching

Toys “ R” Us. Inc

Chairman and Chief Executive Officer

Gerald L. Storch

Executive Vice President, Human Resources Dan Caspersen

Executive Vice President, General Counsel, Corporate Secretary David J. Schwartz

Executive Vice President, Chief Administrative Officer Deborah Derby

Executive Vice President, Chief Financial Officer Clay Creasey

Oceania

Asia (Li Fung Group)

North America

Europe

Trinity Limited

Toys (Labuan) Holding Limited CEO: Peter Schats

Convenience Retail Asia Limited

Li & Fung Limited

Malaysia

Singapore

Hong Kong

Others

Toys Li Fung (M) Sdn. Bhd. Country Manager: Carol Chua

The Organizational Chart of Toys “ R” Us in Malaysia

Country Manager

Account Manager

Logistic Manager

Sales and Merchandising Manager

Other Department Manager

Branch Manager

(3 in Penang, 12 in Kuala Lumpur, 1 in Johor, 1 in Pahang, 1 in Terengganu, and 4 in Sarawak)

Supervisors

Retail/ Promoter and Royalty Card Recruiters and Others

Management Structure of Toys “ R” Us in Malaysia

Corporate Social Responsibilities

Hot Wheels Celebrity Drive for Charity Challenge event in 2010.

Malaysia’s first F1 driver Alex Yoong put his considerable skills to the test as he took to the Hot Wheels track racing against the clock and three other young drivers from the Lighthouse Children Welfare Home Association. Alex Yoong clocked in a time of 2. 5 seconds with his silver Hot Wheels no. 11 Mustang, but was beat by a young Hot Wheels driver, Micheal, from the Lighthouse Welfare Home Association who led the pack with a remarkable time of 2. 3 seconds. From the 19th to the 28th March, any Hot Wheels enthusiast that partakes in the Hot Wheels Race World Challenge and manages to beat Alex Yoong’s time of 2. 5 seconds, a toy will be donated

towards the Children's Home of Hope (under the National Cancer Society of Malaysia) and the Lighthouse Children Welfare Home Association.

Buy a Toys " R" Us shopping bag and help a charity.

RM1 from each purchase will be donated to charity.

Toys " R" Us gives RM10, 000 to Trinity Children's Home

Toys " R" Us (Malaysia) donated RM10, 000 to Trinity Children's Home, Petaling Jaya, at the opening of a new store at Empire Shopping Gallery, Subang Jaya in June 2010.

Event

Description

Hot Wheels Celebrity Drive for Charity Challenge event in 2010

A toy will be donated towards the Children's Home of Hope (under the National Cancer Society of Malaysia) and the Lighthouse Children Welfare Home Association once any Hot Wheels enthusiast that manages to beat Alex Yoong.

Buy a Toys " R" Us shopping bag and help a charity.

RM1 from each purchase will be donated to charity

Toys " R" Us gives RM10, 000 to Trinity Children's Home

RM10, 000 donated to Trinity Children's Home, Petaling Jaya.

Future Plan

Toys “ R” Us retailing is given to Li & Fung (Asia) Ltd who have a series of plan in Asia to develop a core competence of the Toys “ R” Us retailing.

Consumer market:

They have planned to open more and more Toys “ R” Us branches in Malaysia. This will benefit the stakeholders. For consumer, they will be more convenient to buy toys for their children. Toys “ R” Us also provides some educational toys. So that children are not only playing toys for fun but at the same time they are gaining extra knowledge. Besides, company will produce more safety toys to children and parents which fulfill the rules and regulations. Consequently, parents won't worry about the toys are dangerous or harming their children while the children feel happy playing with their toys.

Furthermore, company will lead employees to another level which is in line with the 2010 Incentive Plan of Toys “ R” Us Ltd. They will arrange some courses or trainings to employee. Through the courses and trainings, employees can improve their knowledge and skills. This would be benefited to the employees and company. Company will be operated effectively and efficiently as the employees are capable and trained. On the other hand, employees will get higher salary and their ability is improved. In addition, company possesses employees of great ability to produce fun and better toys to children. Consumer will not be worry about the safety issues and enjoy consuming our products.

They are intended to make Toys “ R” Us as the retailer of dominant toys and educational toys in Malaysia as well. The company wants to offer a right product and right price to consumers. Moreover, they also want to maximizing wealth of shareholders to satisfy them. It will be benefited both sides which are consumers can get right product and right price and shareholders can maximize their wealth. The company will achieve a good reputation in toy industry. These are the future plans in Toys “ R” Us in Malaysia.

Segmentation, Targeting and Positioning

Segmentation is dividing a market into smaller segments with distinct needs, characteristics, or behaviors that might require separate marketing strategies or mixes. The segmentation made by Toys R Us is according to the demographic segmentation, which consists of dividing the market into groups based on variables such as age, gender, family size, income, occupation, education, religion, race, and nationality.

Toys “ R’ Us is differentiated by the ages and gender of customers. Based on Population of Malaysia is 28. 25 million which is including 27. 2% is less than 15 years old, 68. 1% is 15 to 64 years old and the rest of 4. 7% is more than 65 years old.

Their product is selling to customers who are 15 to 64 years old. This is because the customers are more purchasing power to buy toys. They already have source of income to satisfy their wants. For example, teenagers have received their pocket money from their parents; they are saving to buy their toys for collection. Adults have salary from their works; they will spend partly

of salary to fulfill their wants. Besides that, young parents also is including in 15 to 64 years old. They are young and modern, so that they will be buy more toys for their children, the education toys also is popular for them, they hope their children can get knowledge through playing toys.

Targeting is the second stage of the segmentation, targeting and positioning (STP) process. After the market has been separated into its segments, the marketer will select a segment or series of segments and target it.

Resources and effort will be targeted at the segment.

Their targeting strategies is using differentiated (segmented) marketing which is targets several segments and designs separate offers for each. For example, Toys “ R” Us is segmenting to a small group which is based on income, age and gender. Their products target in toys collector who are more purchasing power to buy their toys. Besides that, toys collector is not miss out any opportunity to buy their favourite toys or limited edition.

Compare to children, children is not enough power to influence their parents buy toys for them every moments. Parents only buy toys for them in special events such as birthday, Christmas. They are just a partly customers in Toys “ R” Us.

Positioning has come to mean the process by which the marketers try to create an image or identity in the minds of their target market for its product, brand or organization. Toys R Us is positioned as ‘ the worldwide authority on kids, families and fun’.

At Toys R Us, they believe that by being rapid, real, reliable and responsible, we will best serve our customers, employees, shareholders, communities

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and kids. Rapid, we believe that speed is a reflection of our culture. Our team is focused and clear with common, user-friendly processes and solutions; fast and urgent in decision-making and speed-to-market; and quick in adapting to change. Real, our team is urgent, sincere, authentic, helpful to work with and confident. Reliable, being reliable means working as a team so everything can move faster. We are a company that is dependable and we produce what we promise. Responsible, we believe that honesty, integrity and compassion are the foundation upon which we work together and conduct our business. Keeping kids safe is a cornerstone of the brand.

Marketing Mix

Four P's of Toys R Us

Marketing mix is a composite of product, place, price, and promotion, also referred to as "the 4P's." Each of these elements is an important factor in a company's marketing strategy. These four P's are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that centre the four P's on the customers in the target market in order to create perceived value and generate a positive response.

The Toys "R" Us marketing mix is always being fine-tuned and thus is never static. Toys "R" Us is a for-profit organization that has implemented a winning marketing mix within its marketing strategy.

Products

Firstly, the company's products, products is anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need of consumer.

Types of consumer goods in Toys " R" Us is a shopping products, that's, it is bought less frequently and there is brand comparison on basis of price, quality and style. The distribution channel which they are using is selective distribution, the outlets can easily found in the area. Besides that, the advertising and personal selling of their product is undertaken by both producer and reseller.

Toys " R" Us is famous for their product's quality, their product is in the performance product quality dimensions. For their product feature, the cost of the company is usually lower than others and creates a value to their customer and therefore, they always is the first choice of consumer. The branding and packaging are also the attracted part of their product. Toys " R" Us have a high recognition within consumer, consumer usually will choose the brand which is well-known that can help them to identifies the product quality and consistency. Besides that, a giraffe cartoon was introduced as Toys " R" Us mascot with the name of Geoffrey the Giraffe. In the packaging part, the product of Toys " R" Us is ensure the consumer's safety. They will ensure that the products do not bring any harm for children's health and safety and the instructions of using is provide for every single toys.

Toys " R" Us was also introduced its own private brands such as Babies " R" Us. They introduced the exclusive line of baby essential-diapers, wipes, baby

foods and toys. The product in the store is separated to six different zones. In Family and Fun zones, they provide the games which help parents to take interest in children, communicate, and spend time enjoying entertaining activities with them. For Educational zones, the children can learn the natural skill while having fun. In the Tween zones and Outdoor and Sports zones, the toy is usually for the children above two years old and can let the children sharing the fun with their friends or with parents.

Besides that, the item in Toys " R" Us is also designed to meet the specific needs of boys and girls such as Barbie Shop, The Auto World and etc. The consumer can easily found and spot the toys they need due to the cleverly designed of the store. For example, one entire section of shelves is fully devoted to dolls. The shelves in this section are painted pink with tiny flowers decorating them, and it can easily being seen and recognise by children. Doll clothes and doll accessories are also provided in the same section.

Price

Price is the amount of the money charged for a product or service. It is the only element that produces the revenue while all other element is representing the cost.

Toys " R" Us is using competition-based pricing which means that they are setting prices based on the competitor's strategies, costs, prices and market offerings such as Parkson, Jusco and Tesco. When consumer compare based on their own judgement of a similar product's value, Toys " R" Us always be consumer first choice. The cost of the company of Toys " R" Us is definitely

lower due to their low cost of supply as they own the largest manufacturer, Hasbro and Mattel, and hence they could satisfy the customer by the low price and create high customer value. For example, as a competitor for Toys "R" Us, JUSCO also provides high quality toys but the toys are limited and not as many choices as Toys "R" Us. As for pricing, Toys "R" Us is much more lower than JUSCO. For example, the price of the Battery Operated Rabbit at Toys "R" Us is only RM39.95 while for JUSCO is RM49.90.

The pricing adjustment strategy of Toys "R" Us is seasonal pricing. They will have a promotion during special events such as school holidays or festive seasons like Christmas. And sometimes, they will temporarily reduce the price to increase short-run sales by using promotional price adjustment strategies. With a member card or the Star Card of Toys "R" Us, the member can purchase the item at a low price while enjoying the rewards and benefits.

Besides that, they are using market penetration pricing as their new product pricing strategy. They set a low initial price for their new product to stimulate their sales quickly and increase their market share. For example, Toys "R" Us comes with a low price guarantee and they request that if you find the same toys being sold elsewhere at a lower price, a customer can just bring the original receipt within 7 days and will gladly refund the difference.

Promotion

Promotion is referring to the short-term incentives to encourage the purchase or sale of a product or service. The promotion can be towards final buyers, retailers, customers or the members of the sales force.

Promotion of Toys " R" Us normally is during school holidays. This is because Christmas and New Year is in school holidays. Toys " R" Us will inform members through send email, post notice in their website or social network (Facebook) and banner in front of their outlets for promotion.

During the school holiday, children usually will spent their time by playing games and thus it is the right timing to had a promotion. And for the festive season such as Christmas, parents can buy their children a toys as a presents at a lower price. They also offer coupons and the gift certificates to those member and non-member which help them to attract new customer and keep the current customer.

Toys " R" Us having a personal selling towards their customer and allow them to interact with the consumer through face to face and enable them to access to customer needs and wants efficiently. For example, they provide more sales assistance to helps the customer to access the details of the item they needed.

One of the strategy of Toys " R" Us to build the long term customer relationship is provide the membership to increase the customer value and satisfaction where members can purchase the item with member price which are more cheaper than the original price and now they are also offering " Star Card" which customer can enjoy a lots of rewards and benefits.

Besides that, Toy " R" Us is offered a lots of services, such as, delivery service, free wrapping service and also exchange and refund service in which the item purchased can be exchanged or refunded within 14 days from date of purchase.

Place

Place or a distribution is where the product can be found, such as in physical stores and online purchase, it includes everything connected with getting the product from the place to the customer. A distribution channel is the route a product takes from the place it is made to the customer who is the end users.

Toys " R" Us is consider as consider as selective distribution, that is, their outlets can being found by customer in a area. The type of distributing channel they are using is multichannel distributing whereby they set up two or more marketing channel to reach more customer segments. Besides that, Toys " R" Us which located in a shopping mall can let the customer found it easily and brought more convenience for customer which they do not need drive to a place only for seeking for toys. For example, in Penang, there are Toys " R" Us store in Queensbay Mall, Gurney Plaza and Sunway Carnival. There are 20 stores of Toys " R" Us in Malaysia: 6 Main stores, 7 Toys " R" Us Express stores and 5 Toy Box.

In addition, they are using the selling direct strategies where the product is selling direct to customer in their outlets without go through intermediaries. For example, Toys " R" Us are act as the franchise for Li Fung where the product are taking directly from them and selling to the customer.

Customers

Toys " R" Us (Producer)

Agent (Li Fung Group)

Toys “ R” Us also has an online store, which provides customers the convenience of allowing them to make Internet purchase and purchase returns. Customer can also search the actual location of stores of Toys “ R” Us through internet.

Recommendations

Our group had investigated on marketing department of Toys “ R” Us in Malaysia such as their company background, segmentation, targeting and positioning (STP) and also marketing mix strategy (4Ps - product, price, promotion and placement). So, we give some recommendations to Toys “ R” Us company in Malaysia.

Based on our research, the segmentation of the company is using demographic characteristic such as gender and age. We recommend it should add in local culture which is region of country. Since the company have franchises in difference countries, so they can sell some toys related to the cultures of the country. Toys “ R” Us can produce some traditional toys such as congkak represent the culture of Malaysia. When foreigners come to toys “ R” Us Malaysia, they can buy toys as souvenirs for their friends or relatives.

Furthermore, most of the toys sold in Toys “ R” Us are based on Disney movies or cartoons such as Spiderman, Transformer, Toy Story and etc. They need to pay copyright fees or other administration fees to relevant departments before produce the toys. So the price of toys is relatively higher, so we recommend that the company can produce and design their own toys; it will lead their cost to be lower and develop their own products.

For example, they can produce more series of toys or relevant products such as Geoffrey and friends.

Moreover, promotion of the Toys “ R” Us is mostly during school holidays. It is because usually Christmas and New Year are in school holidays. They will send an email to each member; place notice in social network (facebook) and banner in front of their outlets inform the public about their latest promotions. However, their promotion is not publicly known by everyone. This resulted losing potential customers. A smart consumer will only buy things during promotions, so to get more customers in Toys “ R” Us, we have put more effort in some special event. In line to that, we suggest promotions held by Toys “ R” Us should be more actively run some event related with their products such as Logo competition, fashion show of Barbie doll.

In conclusion, we recommend Toys “ R” Us add in local culture for produce some toys represent Malaysia, produce more own toys and also conduct some special event for their company.

Don't forget that your explanation or examples MUST BE in MALAYSIA context, as I saw some of it using US context.

Format of the assignment, fonts size, tab.. please double check

Conclusion

Toys “ R” Us is a company which sells toys to children all around the world. It provides many types of toys to parents to choose for their children. There are 22 stores in Malaysia which is in Penang, Kuala Lumpur, Johor, Terengganu, Pahang and Sarawak. Besides, Toys “ R” Us is doing Corporate

Social Responsibilities, for example, Buy a Toys “ R” Us shopping bag and help a charity. In their future plan, they planned to open more branches in Malaysia.

Toys “ R” Us is using demographic segmentation for their business such as age. Toys “ R” Us are focusing on the age of the children so that they can produce more toys according to the ages. Toys “ R” Us is targeting parents who have purchasing power to buy toys for their children and those toys collectors. Toys “ R” Us positioned as ‘ the Worldwide authority on kids, families and fun’ and there are many meaning about the letter “ R” which is real, rapid, reliable and responsible.

The marketing mix of Toys “ R” Us is products, price, promotion and placement. Their product is a shopping product, their category different kind of toys. For example, Boys zone, Girls zone, family fun & games, educational toys, tween zone, sport & outdoor and Baby “ R” Us. Price is based on competition-based pricing because customers more sensitive in price, they will compare price of product with different company. Most of their promotion is banner in front of outlets, send email to member, notice in website and social network. Place is Toys “ R” us produce toys to agent, then agent is selling to final customer.

Recommendation by us is produce some toys to add in local culture, produce more own toys represent Toys “ R” Us and also conduct some special event for their company.

Department of Statistic Malaysia , [http://www. statistics. gov.](http://www.statistics.gov)

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