Toys’R’Us – or were they?

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“Disruption is not so much the technology used as whether or not being close to your consumer and knowing their want’s and needs”
What happened in those disrupted markets?

Netflix: Movie and TV
Uber: Taxi
Airbnb: Hotel
Amazon: Toys
Toys’R’Us – what happened?

Toys’R’Us

Ecommerce

Amazon → Bankruptcy

Situation Analysis Alternatives Recommendation Risks Conclusion
Main Challenge

• How could Toys’R’Us have catered to the digital transformation and avoided disruption?

Recommendation

• Putting the customer in center by investing in integrated omni-channel with urban “fun centres” and webshop creating high brand engagement
The customer and consumer

Parents

- E-commerce
- Value for money
- Happy children

Children

- Exposed to more marketing
- Increased screen time

Situation | Analysis | Alternatives | Recommendation | Risks | Conclusion
The market of toys

Online actors

Emerging price-competitive market

Substitutions
Eg: tablets, computers

Customer data

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Situation

Analysis

Alternatives

Recommendation

Risks

Conclusion
Toys’R’Us – What was the action?

Management of Toys’R’Us

Amazon as on-line sales platform

Integrate supply chain and distribution channel within Amazon
Toys’R’Us – The Fantasy

Question: What is Disruption?
Answer: Disruption is E-commerce
Disruption is platform building

Question: How to solve it?
Answer: Find someone who is good at them - Amazon
The truth about disruption

Consumer Behavior
- Shifting to On-line purchase
- Growing expectation of better/faster/broader

Data Ownership
- Gathering data on Consumer
- Analyze market trend
- Predicting consumer behavior
# How to navigate the digital transformation

<table>
<thead>
<tr>
<th>Consumer insight</th>
<th>Business design</th>
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<tbody>
<tr>
<td>Full</td>
<td>Omni channel (eg H&amp;M, IKEA)</td>
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<tr>
<td>Partial</td>
<td>Supplier (eg Unilever)</td>
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- **Closest to the consumer wins**
- **Putting the customer in center and investing in customer experience when becoming an omni-channel player**

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Situation | Analysis | Alternatives | Recommendation | Risks | Conclusion
---|---|---|---|---|---

**Omni channel**
- Example: H&M, IKEA

**Supplier**
- Example: Unilever

**Eco system**
- Example: Amazon

**Modular**
- Example: Paypal
Alternative routes that could have been taken

**Amazon**
- Partnering with Amazon for distribution and sales logistics

**Eco-System**
- Driving Toys ‘R’us as a pure e-commerce player creating an ecosystem for toys

**Omni-channel**
- Focus and invest in customer and consumer experience: integrate brand across omni-channel
Alternative routes that could have been taken

1. Owning consumer/customer contact
2. Building brand engagement
3. Financial feasibility
4. Catering to customer needs
Evaluating the alternative routes

Amazon Eco- system Omni- Channel

1. Owning consumer/customer contact
2. Building brand engagement
3. Financial feasibility
4. Catering to customer needs

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Main Challenge

• How could Toys’R’Us have catered to the digital transformation and avoided disruption?

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• Putting the customer in center by investing in integrated omni-channel with urban “fun centres” and webshop creating high brand engagement
Finding a new space in the market

Focus engagement/experience

Focus Price

Local toy stores (SMEs)

Walmart

Toys’R’us

Amazon

Local

Global

Situation

Analysis

Alternatives

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Risks

Conclusion
Explaining the recommendation in three steps

- **Relaunch Toys’R’us as an omni player with own web-shop**
- **Shift brick & mortar stores to urban locations with small sqm and experience focus**
- **Invest in internal culture: staff rebranded as “fun ambassadors”**

**Key objectives**

- Spontaneous brand awareness
- SEO
- Conversion rate
- Customer experience (NPS)
- Visit per store
- Satisfied employees
“Disruption is not so much the technology used as whether or not being close to your consumer and knowing their want’s and needs”
What could have happened

- Brand engagement
- Consumer insight
- Consumer interaction