

HD Toys "R" Us (Australia) Pty Ltd in Retailing (Australia)

WC 1,173 words

PD 6 June 2014

SN Euromonitor Local Company Profiles

SC EULOCOP

LA English

CY Copyright 2014 Euromonitor International Ltd

LP

STRATEGIC DIRECTION

Toys "R" Us (Australia) Pty Ltd is expected to focus on improving its online offering over the forecast period. The **company** is not expected to engage in outlet expansion over the forecast period given the constrained retailing environment in Australia during 2013. Rather, Toys "R" Us (Australia) Pty Ltd will seek to maintain its existing store network.

TD

KEY FACTS

Summary 1 Toys "R" Us (Australia) Pty Ltd: Key Facts

Full name of
company: Toys "R" Us (Australia) Pty Ltd
Address: Block G, **Commercial** Drive, 391 **Park** Rd, Regents
Park, New South Wales 2143, Australia
Tel: +61 (2) 9794 8999
www: www.toysrus.com.au
Activities: Traditional toys and games stores

Source: Euromonitor International from **company** research.

Summary 2 Toys "R" Us (Australia) Pty Ltd: Operational Indicators

	2011	2012	2013
Net sales	A\$266.5 million	A\$263.3 million	A\$266.1 million
Outlets	39	35	35
Selling space	131,400 sq m	118,800 sq m	118,800 sq m
Sales of grocery	0%	0%	0%

Source: Euromonitor International from **company** research.

INTERNET STRATEGY

Toys "R" Us (Australia) Pty Ltd launched its **transactional** website, www.toysrus.com.au, in October 2009. As a result, the **company** can be considered a pioneer within internet retailing for toys and games in Australia.

The website offers a wide range of toys and games, with the exception of video games and hardware. The website offers hard-to-stock outdoor toys, such as trampolines or swimming pools, to be **sold** online and delivered for a fee to consumers.

Summary 3 Toys "R" Us (Australia) Pty Ltd: Share of Sales Generated by Internet Retailing

	2011	2012
2013		
Net sales: Retailing	A\$266.5 million	A\$263.3 million
A\$266.1 million		

Net sales: Internet retailing	A\$3.5 million	A\$4.6 million
A\$4.9 million		
% share accounted by internet retailing	1.3%	1.7%
1.8%		

Source: Euromonitor International from **company** research.

COMPANY BACKGROUND

As part of the Toys “R” Us Inc international network of licensees and franchisees, Toys “R” Us (Australia) Pty Ltd was introduced in 1993, with its first stores in Melbourne. Within a year, the **company** had expanded to 17 stores across various states in Australia. Toys “R” Us has since grown to 35 stores nationwide.

Toys “R” Us is a speciality retailer of toys and games targeting children. The growing popularity of electronic games has seen the stores begin to carry gaming consoles, electronic pads and other electronic toys, to cater to the changing consumer preferences in Australia and across the world.

In 2005, Toys “R” Us faced uncertainty, following the privatisation of the parent **company** and the restructuring of the entire organisation. Toys “R” Us in Australia has not been able to realise profits since its launch in 1993. However, the restructuring undertaken by the **group** mainly concentrated on the **sale** of underperforming retailing brands, and the impact on the international network was minimal.

Toys “R” Us launched the Babies “R” Us retailing brand in 2008, in a side-by-side store format in Bankstown, New South Wales. Babies “R” Us provides focused product lines in clothing, furniture and furnishings, toys, feeding needs and so on, for children up to two years old. The **company** has continued to roll out the speciality baby stores within Toys “R” Us outlets. There is also a dedicated **site** for this brand.

PRIVATE LABEL

Toys “R” Us offers branded products, as well as private label products exclusive to Toys “R” Us, in its retail offering of toys and games, children’s clothing, furniture and furnishings. The **company** has set up a dedicated sourcing office in **China** to manage its private label manufacturing. The **company** has also included organic and natural products in its private label offerings, in line with consumers’ concern about toy safety, particularly since the massive toy recall issues for **Chinese** manufacturers in 2007.

Toys “R” Us emphasises products which are of high quality, and provides toys which allow learning, imagination and pure fun. However, it is challenged by the big toy manufacturers’ heavy marketing and advertising initiatives, and struggles to attain high awareness and sales for its private label products

Summary 4 Toys “R” Us (Australia) Pty Ltd: Private Label Portfolio

Private label brand	Category(ies)	Notes
Imaginarium	Infant, pre-school, dressing-up and role play	
Aspirational brand with strong education focus		
Totally Me	Arts and crafts, clothing	
Female focused		
Bruin	Infant	
Strong use of four to five colours		

Source: Euromonitor International from **company** research.

COMPETITIVE POSITIONING

Toys “R” Us (Australia) Pty Ltd held a value share of less than 1% in retailing during 2013, being ranked 53rd. The **company**’s market share has remained somewhat static over the review period. The **company** was ranked fifth within leisure and personal goods specialist retailers during 2013, with a value share of 2%.

Despite accounting for a negligible share of both retailing and leisure and personal goods specialist retailers, Toys “R” Us (Australia) Pty Ltd was the leading player within traditional toys and games stores in 2013. During 2013 the **company** held a 26% value share, up from 20% in 2008. The **company** has managed to capitalise on its global branding and large-format store setup to capture demand from parents and children. Toys “R” Us (Australia) Pty Ltd’s main competitor is Associated Retailers Ltd with the Toyworld fascia. Toyworld possessed 163 stores in 2013, compared with the 35 stores for Toys “R” Us. However, the average selling space per Toys “R” Us stores was approximately 3,394 sq m, compared with 500 sq m for Toyworld.

During 2013 the **company** continued to face a challenging retail environment, with value sales for traditional toys and game stores declining by 5% to reach A\$1.0 billion. During 2013 the category faced severe competition from internet retailing and mass merchandisers. As a result, Toys "R" Us (Australia) Pty Ltd continued to invest in its online store during 2013, with internet retailing sales increasing by 6% to reach A\$5 million. However, Toys "R" Us currently competes with overseas online retailers which tend to offer competitive prices due to their exemption from the Goods and Services Tax (GST). This will continue to remain a concern for Toys "R" Us (Australia) Pty Ltd over the forecast period.

Toys "R" Us (Australia) Pty Ltd's Babies "R" Us brand possessed 11 stores in 2013 and was located within the other leisure and personal goods specialist retailers category, competing with brands such as Baby Bunting, Mothercare and My Baby Warehouse. Babies "R" Us was positively impacted by the closure of 29 Mothercare stores during 2013. Indeed, Toys "R" Us also benefitted from the closure of Mothercare Plc's Early Learning Centre stores during 2013.

Summary 5 Toys "R" Us (Australia) Pty Ltd: Competitive Position 2013

Channel	Retail value share	Rank
Retailing	0.1%	53
Leisure and personal goods specialist retailers	1.7%	5
Traditional toys and games stores	26.1%	1
Internet retailing	0.1%	-

CO toyrus : Toys R Us Inc

IN i4941 : Dolls/Toys/Games | iretail : Retail | i64 : Retail/Wholesale | icnp : Consumer Goods | ilgood : Leisure/Travel Goods | i654 : Specialty Stores | i6540030 : Hobby/Toy/Game Stores

NS c01 : Profiles of Companies | ccat : Corporate/Industrial News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Euromonitor International Ltd

AN Document EULOCOP020150309ea66000t9