Marketing Doctor

Marketing Check-up

Toys "R" Us

As of July 23, 2024

Condition: Revived

A name that outlived its stores

For generations, Toys “R” Us was where children went to see every toy in one place. It closed its last U.S. stores in June 2018. Six years later the name is back, in shops inside Macy’s and in a brand film made with artificial intelligence. This check-up looks at the marketing decisions that wore the chain down and whether the revival gives parents a reason to come back.

Key takeaways

- A 2000 deal put the company’s online orders, delivery and customer service in Amazon’s hands until a court ended the alliance in 2006, nearly six years of online customers built for someone else.
- After a 2005 buyout funded with debt, interest cost about $400 million a year by 2017, money that could have gone into stores, staff, prices and the website.
- Comparable store sales were already falling before the 2017 bankruptcy, and the last U.S. stores closed in June 2018.
- Under WHP Global the name lives on in 452 shops inside Macy’s and a nostalgic AI film. It still needs a reason for parents to choose it beyond memories.

Marketing health check

Area	Finding
Online relationship	Handed away. Amazon ran the online customer experience from 2000 to 2006.
Store experience	Starved. Debt payments took money the stores needed.
Store sales	Slipping before the 2017 filing.
Recognition	Very high. Nostalgia carries the name.
Reason to choose today	Unclear beyond nostalgia.

Timeline

When	What happened
Aug 2000	A ten-year deal makes Amazon the operator of the Toys “R” Us online store.
May 2004	Toys “R” Us sues Amazon.
Jul 2005	A buyout funded largely with debt closes.
Mar 2006	A court order ends the Amazon alliance.
Fiscal 2016	Domestic comparable store sales fall 1.3%.
Sep 2017	Toys “R” Us files for Chapter 11 with about 1,600 stores.
Jun 2018	The last U.S. stores close. Toys “R” Us Canada is sold separately and keeps operating.
Mar 2021	WHP Global takes a controlling stake in the brand.
2022	452 Toys “R” Us shops open inside Macy’s.
Jun 2024	A brand film made with OpenAI’s Sora premieres at Cannes Lions and draws criticism.

What happened: the online customer belonged to someone else

In August 2000 Toys “R” Us signed a ten-year deal with Amazon for a co-branded toy site. Toysrus.com chose the stock. Amazon stored it, shipped the orders and handled customer service. For the years when shoppers were forming online habits, the experience behind one of the best-known names in toys was run by another company.

The partnership soured. Toys “R” Us sued in 2004 and won a court order ending the alliance in March 2006. Amazon later agreed to pay $51 million to settle. The money did not buy back the customer relationships.

Meanwhile a 2005 buyout left the company with heavy debt. By 2017 it was paying about $400 million a year in interest. Every dollar of interest was a dollar not spent on the stores, staff, prices and website that shoppers actually see.

The diagnosis: three marketing problems

- **It gave away the online relationship.** For nearly six years, another company owned the experience of buying Toys “R” Us online.
- **The store experience was starved.** Debt set the budget, and the stores, the place where the brand came to life, got what was left.
- **No reason beyond range.** Once general retailers and online stores carried the same toys, Toys “R” Us needed a reason to visit beyond having everything. It never found one.

The treatment: a revival through partners

In March 2021 WHP Global took a controlling stake in the owner of the Toys “R” Us name. Macy’s agreed to add Toys “R” Us shops to its stores, and WHP says 452 shops opened inside Macy’s in 2022, with plans for flagship stores from 2024.

In June 2024 the brand premiered a film of about one minute made with OpenAI’s Sora at the Cannes Lions festival. It retold the founder’s story and brought back Geoffrey the Giraffe. Criticism followed within days. Partner shops, store counts and a nostalgic film are tactics, not strategy.

The result: a famous name, a smaller role

Sales were slipping before the end: in fiscal 2016 domestic comparable sales fell 1.3%. The company filed for Chapter 11 in September 2017 and said in March 2018 it would close or sell all 735 U.S. stores. The last U.S. stores closed at the end of June 2018.

Today the brand says it has more than 1,400 stores and online businesses in 32 countries, run through partners. Recognition is high. A clear position would tell parents why to choose Toys "R" Us over the toy aisle of a general retailer.

Lessons for your marketing

1. Own your customer relationship, especially online. A partner can run the logistics without owning the experience.
2. Treat debt and fixed costs as limits on your marketing budget, because they decide what customers get.
3. When the product is available everywhere, you need a reason to visit that others can't copy.
4. Nostalgia gets attention once. A current reason to choose you brings people back.
5. Ask the hard question in a marketing audit: if the name disappeared tomorrow, what would customers miss?

The doctor will see you now.

Book a free marketing check-up at marketingdoctor.ca/contact. We'll examine your marketing, show you what's holding growth back and prescribe what to fix first.

Sources

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