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How Toymaker Brands Are Adjusting To Life Without Toys R Us



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f On June 29, 2018, legendary toy retailer Toys R Us (TRU) closed its last stores in the U.S. for good. This marked the end for one of the best known and most beloved names in the world – an incredible success story that revolutionized an entire industry and a heartbreaking demise that resulted from its inability to adjust to changing times and a rapidly evolving retail landscape.

While the story of TRU's rise and fall has been extensively covered, I became interested in what impact the loss of their 900 stores will have on toy manufacturers, especially the smaller ones who relied so much on TRU to provide them with the much-desired shelf space that has never been available in places like Target, Walmart and at specialty retailers.

“Toys R Us offered smaller toy companies opportunities that other retailers can't, or won't,” said Jackie Breyer, editorial director, [The Toy Insider](#). “No



A man holds up a sign announcing the going out of business sale at a Toys R Us and Babies R Us store location, Friday, June 1, 2018, in Totowa, N.J. (AP Photo/Julio Cortez)

other retailer takes as many chances on new brands and innovation as Toys R Us did. Toys R Us bought into brands widely and deeply, offering shelf space for many more SKUs than a manufacturer can place anywhere else.”

Once such toy company is YOTTOY (“toy” spelled backward and forward), a specialty toy company in the heart of New York City that has defied the odds and been in business for almost 25 years. Female owned and operated, YOTTOY has steadily grown through entrepreneurial hard work, creative thinking, and ethical business practices.

While you may have never heard of the company, you certainly will recognize the wide array of beloved characters that YOTTOY offers, including *Corduroy Bear*, *Paddington Bear*, *Mo Willems’ Elephant & Piggie*, and *Auggie* from the *We’re All Wonders* book that was turned into the hit Julia Roberts movie *Wonder*.

Like thousands of other companies/manufacturers that offer goods and services to a myriad of retailers, YOTTOY has had to continue to adapt as the retail market becomes more and more of a minefield.

However, the big question is with TRU gone, where can products such as those from YOTTOY be discovered? What will the toy and gift companies do this holiday season to maximize sales? The demise of

Toys R Us siphoned over \$880 million from dedicated toy vendors, including YOTTOY, as a result of U.S. bankruptcy laws that allow retailers to bypass vendors in order to maximize payouts to bank lenders post-bankruptcy. This creates a major problem for the smaller toy vendors that have thin margins. Quite simply, these are challenging times.



Paddington Bear YOTTOY

"At YOTTOY, we have a unique ability to quickly respond to market trends and capitalize on real value with beautifully-designed toys that satisfy the basic human need for companionship. We have built and continue to build strong relationships with a wide range of retailers large and small to diversify risk," said President and Founder Kate Karcher Clark. "We have established a dedicated following with our YOTTOY 'smile of approval' logo securely stitched onto each YOTTOY as a symbol of our quality and for brand authenticity."

YOTTOY is certainly not alone in looking for alternative ways to sell its products and the loss of one outlet has opened up opportunities elsewhere.

"The loss of Toys R Us is having a tremendous impact on the toy industry. Perhaps surprisingly, not all of it is bad news," said Breyer. "Toys R Us' liquidation has spurred the launch of new toy retailers, the expansion of toy departments at major retailers such as [Walmart](#) and [Target](#), and the introduction of toy departments at retailers who hadn't carried many toys before."

Backing up Breyer's point, numerous retailers have made announcements this year about expanded toy offerings, including Amazon (the biggest player in the industry with \$4.5 billion in sales in 2017), which announced it [will be distributing a toy catalog](#) in its Whole Foods subsidiary.

Additionally, Party City said it is [opening toy pop-up shops](#) (called Toy City) during the holidays and [Barnes & Noble](#) has dramatically expanded its toy department in its more than 600 stores. Plus FAO Schwarz is on its way back, beginning with a [store at LaGuardia Airport](#) in New York and an expansion plan that moves on from there, and KB Toys is coming back via 1,000 pop-up units for the holiday season.

Another toy maker trying to navigate its way this holiday season is Toronto-based toymaker [TCG](#). The privately-owned company offers top-quality, affordable and fun products for kids and families with distribution in more

than 40 countries. Founded in 1988, TCG has grown as a manufacturer and distributor of a variety of products for the whole family, including its Mega Mat brand of licensed playmats as well as innovative games, puzzles and more featuring some of the most beloved kids' brands like Fisher-Price, Hot Wheels, Thomas & Friends, Peppa Pig, PJ Masks, PAW Patrol, and Disney. Even with all these household names, TCG knows it has to update its game plan in the post-TRU world.

“For TCG, as with so many other toy manufacturers, the loss of Toys R Us is one that in some ways cannot be replaced. TRU was the world's toy showroom and an incubator for new brands and products. Currently, there is no other retailer (bricks & mortar or e-commerce) that can replicate that model,” said Jessica Gavin, VP marketing and licensing at TCG.

“Despite this, the toy industry is growing, For TCG, looking at ways to grow other channels has become a key focus. Our biggest opportunities lie with both online retailers (Amazon, Zulilly) and with the ever-expanding value channel (Dollar General, Five Below),” said Gavin. “Other retailers are also picking up some of the opportunity and TCG continues to partner closely where toy aisles are expanding either seasonally or as a year-round planogram. The opportunity to iterate and tell a story online is compelling, and a place that we continue to look for new ways to reach the consumer. With Amazon A+ pages and feature stores, products and brands have a digital opportunity to resonate through better and more compelling content. Coupled with a strong digital and social marketing strategy, over time, dotcom will certainly become a stronger presence for all toy marketers, including TCG.”