

# Toys 'R' Us packs up its playroom in the US

By  Lauren Hartzenberg

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Toys 'R' Us Inc. is going out of business, shutting all of its 735 toy stores and Babies 'R' Us stores in the US after a failed turnaround. Approximately 33,000 jobs are expected to be affected by the liquidation.



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The toy and baby goods giant said in [a statement](#) on Thursday that it had filed a motion seeking bankruptcy court approval for the wind-down of its US business, and liquidation of inventory in all of its stores.

"I am very disappointed with the result, but we no longer have the financial support to continue the company's U.S. operations," said Dave Brandon, Toys 'R' Us chairman and chief executive officer.

"There are many people and organizations who have remained in our corner every step of the way. I want to thank our extraordinary team members who helped build Toys 'R' Us into a global brand. I also want to express my appreciation for my colleagues on our board who have continued to provide support to sustain the brand and our operations throughout the restructuring process. I would also like to thank our vendors who we owe a great deal of gratitude to for their decades of support. This is a profoundly sad day for us as well as the millions of kids and families who we have served for the past 70 years."

Toys 'R' Us filed for bankruptcy in September with a plan to turn around the unprofitable retailer, but sales sputtered during the crucial holiday season, "and the company began missing payments to some suppliers in recent days, all but sealing its fate," [reports Bloomberg](#).



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## Retail apocalypse

The chain is the most recent casualty of what's been dubbed a 'retail apocalypse' in the US. In 2017 alone 3,500 stores

closed in the region, leading to approximately 30,000 retail jobs being lost. Department stores J.C. Penney and Macy's were among those that experienced hundreds of store closures.

Euromonitor International's toys and games consultant, Tim Barrett, said that while the Toys 'R' Us closure is a gut check to legacy retailers that are struggling to adapt to modern retail realities, the development doesn't come as a surprise.

"In an age where shopping for toys is more efficient online or at Walmart, a big-box toy retailer with next to nothing in terms of service or experience doesn't make a lot of sense. Had the chain embraced e-commerce earlier instead of outsourcing it to Amazon from 2000-2010 things might have gone differently. Had the chain made a bold move to reimagine stores, perhaps by adding in daycare centres, things might have improved. But Toys 'R' Us did none of these things. Spread thin across too many countries, with too many stores and too much debt, it boxed itself into its current fate."



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## Africa business

As far as Toys 'R' Us operations in Southern Africa is concerned, it's business as usual.

"Although these challenges will have ramifications on the global toy landscape, it must be clear that Toys 'R' Us and Babies 'R' Us South Africa are a privately owned South African enterprise, which merely pays a royalty to utilise the brand names and operates completely independently from its global counterparts," said Toys 'R' Us and Babies 'R' Us SA marketing manager Nicole Annells.

In fact, the local company has invested heavily into upgrade projects nationwide, noting the soon-to-be-unveiled flagship Canal Walk store as its latest upgrade attraction. The aggressive expansion project has seen Toys R Us and Babies R Us launch seven new stores last year, with an additional one expected to open its doors next month.

"We have maintained our momentum. Our revenue growth is solid, and Toys 'R' Us & Babies 'R' Us continues in a clear path of strengthening our brand footprint throughout South Africa," said Annells.

## ABOUT LAUREN HARTZENBERG

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