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Toys "R" Us, going global, readies Toronto quartet

Discount Store News, August 20, 1984

ROCHELLE PARK, N.J.--Toys "R" Us, already owning 12-1/2% of domestic toy sales, is heading north.

The giant toy retailer will be expanding for the first time across the United States border, entering the Greater Toronto Area with four of its typical 45,000-sq.-ft. stores and a 150,000-sq.-ft. distribution center and business office. The units are scheduled to open this fall.

TRU, now in 27 U.S. states, has also set its sights on world-wide expansion. Along with anticipated forays into Singapore and the Middle East, the chain is planning to debut in Britain next year through another wholly owned subsidiary. Speculation is the British invasion will be at least as numerous as the Toronto entry, if not larger.

Domestically, the chain is staying with its long-time strategy of entering one new market a year. TRU has targeted the Buffalo/Rochester areas as its stateside entry in 1985, a logical move to support the push north.

All three major American TV networks are fed directly into Toronto via Buffalo, only 100 miles away, which will help enhance TRU's exposure in the Canadian province.

In addition to overcoming virtual anonymity in Canada, the chain will be facing established toy forces in Toy City, a Consumers Distributing-owned TRU look-alike; department stores Towers and Zoellers; Sears, K mart, Woolco and CD itself.

TRU, however, is confident.

"Canada is a great opportunity. Our long-range plans are to be a national company, going coast to coast," said Eliot Wahle, president of TRU's wholly owned Canadian subsidiary.

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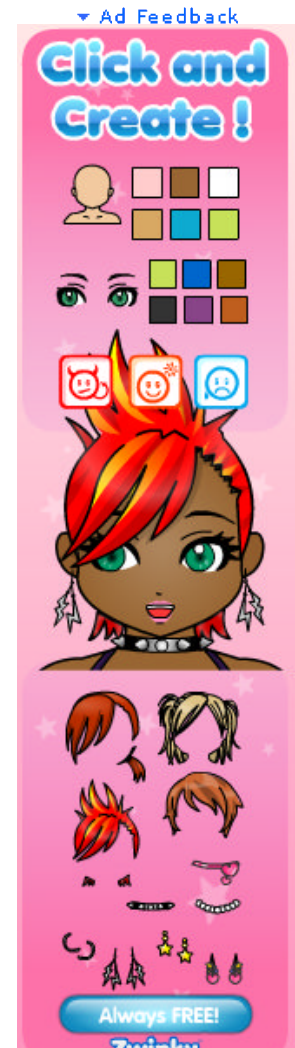
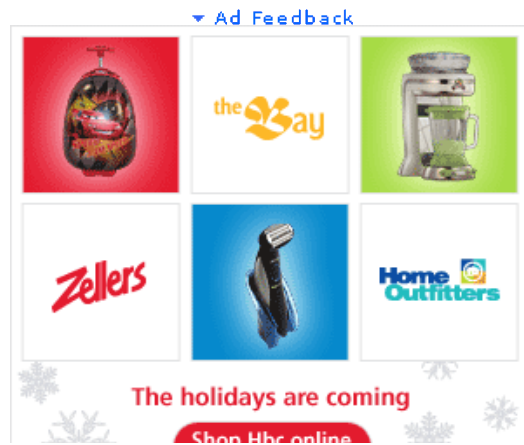
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An "aggressive" media plan is scheduled although Wahle wouldn't reveal details at this time.

The four TRU stores, currently under construction, are all located within a 70-mile radius of Toronto. The locations include a site on Steeles Avenue and Young Street, a main artery in Thornhill; a unit on upper Wentworth Street, in Hamilton; one in London on Wellington Street, and the fourth in Brampton, in the vicinity of Highway 7 and 410. The distribution center/business office is already up and running in Rexdale, Toronto, on Martin Grove.

Toys "R" Us will attack the Canadian toy market--about one-seventh the size of the United States market, with last year's sales of \$900 million-\$950 million--in its usual way--offering everyday low prices and deep selection.

"I think Toys "R" Us will definitely heat up competition here in Canada. Obviously, they will only arouse more toy business in the area," said Henry Wittenberg of the Canadian Toy Manufacturers Association.

He noted Toy City, a smaller version of the TRU prototype, has virtually no specialty chain competition in Canada. Toy City, currently spread over the Ontario and Quebec provinces, has five openings planned for this fall. So far, only four Toy Cities are located in Ontario with two in Toronto.

Other perennial toy retailers are very aware of the Toys "R" Us presence.

"We've watched them for many years and have developed a healthy respect for them but Canada is another market, another world. Many prosperous American businesses have moved to Canada and have not enjoyed similar success," said Don Beaumont, vp, marketing for the 48-unit Towers Department Store chain.

However, Beaumont concedes, despite possible obstacles, Toys "R" Us will probably succeed.

"It means each of us will have to give up a little piece of the pie, which we're not too happy with, but it could also stimulate business. We're already in one mall with a Toy City and we've found overall toy sales have been up." he said.

On the other hand, many industry analysts in the states view the Toronto market entry as any other TRU has attempted and they note the company has yet to fail.

"It's just like moving into Atlanta or Cincinnati. There's competition everywhere; it doesn't make a difference," said one analyst.

He feels Toronto is merely a natural extension of the chain's Northeast market expansion. Currently, there are only 16 Unites States markets of over 900,000 people the chain has yet to enter.

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