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JUST TOYZ

Strategic Plan 2021-2023

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1- Abstract

Just Toyz, is a toys shop, with its headquarter stated in Thailand, invaded two of the highest selling toys markets; UK and Japan, in just 36 months. Its income statement for the last three quarters showed a net profit of US\$2 Million.

Just Toyz started as an online retailer for toys that mimic famous characters in UK and Japan, using eco-friendly materials. The CEO, Ted Willard saw this as an opportunity to position the company in the toy market. The company currently does not have any strategy plan to grow its income.

There are different strategies that can be applied in the case of Just Toyz, either the Design Strategy, where we can achieve the perfect fit between the internal factors (strengths and weaknesses) and the external factors (threats and opportunities). This requires a SWOT analysis. The CEO is responsible for the application of this strategy. This strategy among others, suite the toy business, as it combines what customers want and the profit of the company. This will increase its competitiveness in the market.

Another option is the use of Entrepreneur Strategy, as it develops the dynamics and bring innovative products to the market. The only thing about the entrepreneurial strategy is that it depends on the vision of leader, which promotes the vision of a single mind.

The last choice of strategy can be the Positioning Strategy where Just Toyz will have the ability to influence the consumer perception regarding their products. The product attributes and the ability to associate a new line of toys that are replicas of famous TV/ series character can create a greater beneficial value. The pricing of the toys currently is very competitive among the same famous toy stores who sell the same line of products. Being in Thailand, also offers an excellent advantage where the quality of the raw material and the eco-friendly toys commitment is available at a very competitive labor wage.

The best strategy to be used in the case of Just Toyz is the Design strategy. Where first we will put an executive summary, then present the SWOT analysis, and finally, include some future goals to the growth of the company.

2- Executive Summary

Starting as a small online toyshop, stated in Thailand, in 2016, Just Toyz have managed to expand its unique products to international markets and create a well-known name and sell high quality family toys in Japan and UK. Its unique toys fit all ages, including adult kids. Which have made it popular among wide range of school and college kids in Japan and UK. The use of high-quality material, offered at a reasonable price in UK and Japan allowed the company, in just 36 months, to become a multimillion Baht company. With the rapid steps of growth between 2016 and now, Just Toyz have managed to sustain the growth, and currently is aiming to expand its business internationally.

With this big change of the company, there was no adaptation to any strategic management plan. In order to aid the company to sustain the growth, and have further improvements, a strategy should be put in place. the current strategy is to increase the odds for success. The how to win started by selecting two of the highest competitive markets, to sell Just Toyz products, UK and Japan. The advantages, invaded those two markets, were present in the low cost of manpower, and availability of high-quality materials at a very competitive prices offered in Thailand, the HQ of Just Toyz.

In order to develop a management strategy, several elements should be taken into consideration, and be monitored and examined for suitability for international markets. Currently, the company does not have any elements for mission and vision statements. Those elements assist in creating a cohesive understanding of the company. It is intended to serve as a guide for the management to make decisions that align with its goals and reflect where the company wants to be within a certain timeframe. The mission and vision statements are not only directed to the external customers, but rather offers a guide to management's thinking. It also helps to define performance standards and inspire employees to work more productively as a result of sharing common goals.

As for external customers, mission and vision statement, does not only serve as a public relation tool, but it creates closer link for better communication with customers, suppliers and other partners. However, there are no current principles available to discuss for the company. Therefore, a mission and vision statements should be created.

3- Proposed Vision Statement

No games, Just Toyz! Let's connect the family together.

4- Proposed Mission Statement

Just Toyz strives to be a global manufacturer and distributor at lower cost and greater value. Our goal is to provide family-oriented toys suitable for all ages, that can be enjoyed and stimulate creativity and curiosity. We promise our customers top notch toys that are carefully selected for its quality and safety. We are committed to eco-friendly practices and providing the highest quality game-time with all the family members.

5- SWOT Analysis

In order to analyze both internal and external factors, where we can gain a better understanding of where the business sits within the targeted markets as well as identifying potential markets, a SWOT analysis is required. Where an exploration of the relationship between strengths and weaknesses, and how to leverage opportunities, and improve the weaknesses.

➤ Strengths of Just Toyz – Internal Strategic Factors

- The HQ location in Thailand, gives a leverage with the offer of cost effectiveness raw material, and manpower.
- Alliances with logistic companies and having small distribution offices in UK and Japan.
- High quality products and packaging. The toys materials are carefully selected of its durability and is suitable for customers having allergies. The packaging is safe as well and can be used as a display for the toys/games.
- Competitive selling price compared to the same line of products.
- Offers a wide range of toys for children and adult kids.

➤ **Weakness of Just Toyz – Internal Strategic Factors**

- None-existence in other international markets, such as USA, Europe, MENA, Asia.
- Does not have a large online presence. Just Toyz have an Instagram account that is used as a display for their products.
- Limited display shops in UK and Japan.
- Weak marketing campaigns.

➤ **Opportunities for Just Toyz – External Strategic Factors**

- Alliances with companies like Amazon, and display shops such as Harrods in UK.
- Large capacity for the development of new products and toys
- Parents are relying on toys to provide alternatives for tablets and video games.
- Cost effective manufacturing location, possibility for exploring other locations, with cost effective manpower.
- Expansion in the online realm to reach more customers
- There is a huge margin for financial growth

➤ **Threats for Just Toyz – External Strategic Factors**

- The company is tied up with various courier and mailing partners.
- One factory to distribute the products.
- Changing the branding and marketing strategy, means to increase in costs for hiring and employment.
- Increase the competition between Just Toyz and other toys/games stores.
- The growth of online games platforms has increased in use specially after the COVID-19 pandemic.

6- Competitor & Industry Overview

The toy market is expected to bring revenue above US\$50 billion during 2021-2025. It has shown a significant growth recently, which is influenced by number of factors, such as education, type of entertainment, and engagement. Despite the COVID-19 outbreak in 2019 and early 2020, which negatively affected the market, and disrupted the supply chain in almost all economies, lockdowns have brought family together. The first quarter of 2020 showed unexpected growth in certain toy

market segments, such as puzzles, board games, and outdoor games. The closing of major toy factories and entertainment venues has forced families to seek affordable alternatives.

To be placed among the top toy companies globally. Big toy sharks such as LEGO, Hasbro and Mattel, are enjoying a large chunk of the toy market revenue in 2021 which is projected to reach US\$200.

The growth of the toys and games market is influenced by different factors, such as the number of households are willing to make purchases for their kids, and birth rate. Another factor is the type of toys depending on the movie industry and games industry.

The birth rate in Japan in 2020, for example, is 0.4% which went down substantially compared to year 2001. Yet, in the same period between 2001 and 2020, the income rate has grown from US\$ 1,300 to US\$ 3,000, which means that the families have more to spend.

Sustaining the growth of Just Toyz is a potential in the toys industry. The use of eco-friendly products such as wooden toys and plastic free toys, is becoming popular, and also promoting sustainability.

The recent development in retail channels to purchase and invest in toys is fueling the growth of the global toys market. One of the most utilized factors for leading toys companies is media to advertise products and reach wider customers in the global markets.

Several external factors may influence demand for traditional toys market. Major stores are aiming at the development of their products, provide sales offerings, and offers advances in the technology for online gaming sectors. The increase of use of social media and engagement of the children on iPad and tablets gave an access to international toy stores worldwide, where the selection of toys is made fun, and easy.

Another important factor in the toy industry is the driving force of movie industry. A company like Hasbro, does not only produce board games, but also, movie characters such as Transformers, and Star Wars.

The competition is not only with one toy sector. The online gaming is going from strength to strength. Companies like Sony and Disney are playing in the field, and their huge line of products are available globally, where the “online gamer” can have the main character of the game as a

“toy” for display. Going further with the technological development, online games are not only related to consoles, or PC, but made also accessible from smart phones.

This quick movement requires the brands to continuously invest in product development. The increase of competition not only in video games sector, but generally the smart phones, tablets and other entertainment products, which attracts the emerging markets, and offers much cheaper solution compared to toys.

The three main global players in traditional toys market, such as LEGO, Hasbro and Mattel (Consortium, 2013)¹ are dominating the market in the most major EU countries.

Currently, UK and Japan toy industry dropped by more than 25% during end year of 2019 & 2020 due to the spread of the global pandemic COVID-19 virus, which led to closing down many factories around the world creating unemployment, and global drop in the economy. This gave the advantage to the electronic games, and application developers to work on upgrading their game. The turn of the world communication from physical to virtual. Locking down schools, and having distant education, created dependency on technology. This opportunity for all technology-based games to be available at a fingertip, offering entertainment during global lockdowns, and down-size the use of toys, in fear to transmit the COVID-19 virus; hit the toy industry.

One of the most important goals Just Toyz should be aiming for, is shifting the customer preferences and follow the technology era. Using technology for a better and easier customer shopping experience, is confirmed to increase revenue by at least 10% in the first quarter. With the new changes in the lifestyle, after COVID-19, customers find it safer to complete their purchases online. One way to achieve that, with the current economical situation, is to adjust to the customer demand to the new interactive shopping experience. Toy companies must respond to new customer behavior, with the use of new technologies.

Other opportunities to increase revenue is to penetrate new markets, through acquiring new suppliers and distributor shops. This has also confirmed to increase revenue by 10%. Just Toyz does have distributors in UK and Japan. Acquiring new affiliations such as Toys R Us, and Harrods, where those display shops can advertise their products and reach a wider customer base.

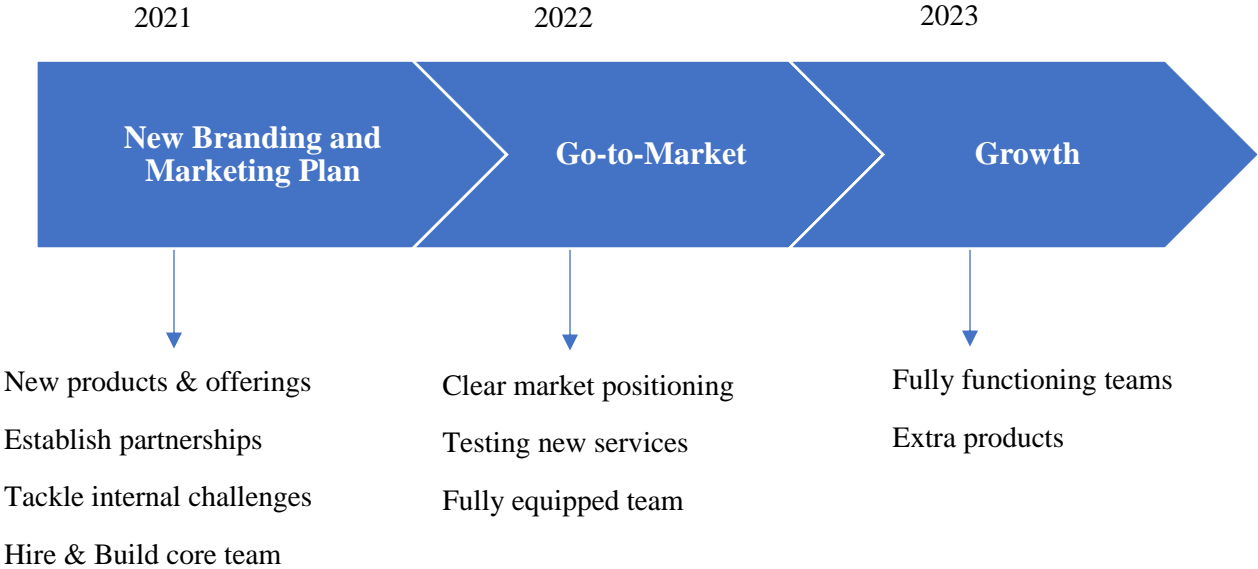
Just Toyz has more competitive advantage than most of the toy’s companies offering the same products have. One of the most important features is the low cost of labor, since that the main factory is stated in Thailand.

Currently, Just Toyz market share equals 0.2% of the global market. In order to increase this share, Just Toyz must consider joining the current wave of technology.

Offering online display shops, a high-quality website that is categorized according to toy category, and age range. Adding the feature of 3D virtual shopping experience, will offer a different shopping experience. Customer services and toy maintenance services can be offered virtually, through video calls.

In a fierce movie characters toy war, Just Toyz may consider a product development to include toys that are replicas of the most watched series on Netflix, as this will give a boost to the company to be able to compete with other global companies, and give the competitive advantage by providing a different line of products.

7- Business Goals



Goal #1 Development and maintaining the quality of products. Although that the plastic toys market is higher in demand, the Millennial parents are willing to pay for eco-friendly entertainment and toys. More than 60% of the parents are willing to invest in sustainable products. Seizing the available opportunity in the environmental sustainability can be an important tool to make some changes in the toys business. The spending on sustainable goods is expected to increase by almost US\$30 by 2021. The goal is to reach 100% sustainability may reflect the level of responsibility towards society and environment. The reason customers are willing to pay more in eco-friendly toys is that they are safer, lasts longer, recyclable, and educational.

Goal #2 Enhancing the age range segmentation to attract more customers. The market for the 0-3-year segmentation, is estimated to generate over US\$ 20 billion by 2023. Age 3-5 age segment owns the largest diversity of products and toys in the market. Parents are willing to make purchases to develop and enhance the educational and cognitive experiences. Toys such as stuffed animals, trucks, tool kits, sand toys, puzzles and makeup toys are the most selling toys in this segment. Another option for the same age range segment is the outdoor and sports toys, as those categories have recorded largest revenue in 2019 & early 2020 and expected to show growth of 10% by the Q4 of 2021.

Goal #3 Online sales vs display shops and affiliated shops. The ecommerce market for toys include the sales of toys and other products, but it is not enough to list the products online. The dependency on technology and the easy access to all global toy brands, has resulted in the growth of the net income of Q1 of 2020 by 14% compared to the same period of 2019. Also, with the easy online shopping spree, large retailers are investing in developing their websites and create online campaigns to reach wider audience and customers. But, part of the customer experience is to visit a display shop, where the customer can engage in a real-feel experience, and the customer can be certain that the product meets their expectations. Collaboration with other display shops, and creation of display shops in different locations, where the customer can engage in the purchasing experience. According to research, the value of the customer purchase engagement in the toy business, has proven to increase the sales by 9% annually, and that's even before the acquisition of e-commerce and online/web channels.

Goal #4 Enhance customer experience. To have an impactful effect in all areas of business, customer experience is one of the most important factors in increasing revenue, which leads to higher profits. It has been proven that 60% of customers are willing to pay for a better customer experience. This includes the features in website, like the search tools, product image, layout...etc. Also, customer experience enhancement should look into other elements such as cart abandonment, and customer support, and customers review. Just Toyz is projected to show an annual growth rate of 11.9% by 2021, and with the customer penetration of 9.8% in 2021, toy market will project volume of UD\$43m by end of year. Happy customers stay loyal! Having a bad customer experience makes the company lose customers. The bad experiences can be in difficult purchasing process and ignoring customer feedback. This takes us back to goal #2, which is to understand your customers. Having a detailed customer segmentation

Goal #5 Hire the expert at a lower rate! Wages in manufactories in Thailand is expected to reach US\$500/ per month at the last quarter of 2021. The process of creating the toy to the stores is a long and complicated process, that may take more than one year. Hiring a specialized marketing department, research and development departments may assist to review the most selling toys. Other ideas can be applied from freelance designers.

Goal #6 Just Toyz, among big toy sharks. There are very well-known brands for toys, such as LEGO, Mattel, Hasbro, and many more. Just Toyz has a big opportunity in placing its brand among the big shark names. Why and how? Just Toyz's opportunity in joining the heap of eco-friendly toys. The increasing number of eco-friendly toymakers makes the competition fierce. But, with the location of the factory in Thailand, and the cost-effective recruitment, are two of the major goals, for the company growth.

Goal #7 Affiliations and display shops. With the current big changes in the market purchasing experience, specially after COVID-19 pandemic. The purchasing experience for the customers switched drastically from visiting shops and checking the desired items, and the real feel experience for the customers which can make a huge impact in the sales revenue. The online sales for toys are projected to reach 10% increase of the total toy retail sales in 2021. With hopes that life returns to its physical sense, Just Toyz has an opportunity to either establish their own display shops in the desired markets or get into affiliation agreement with well-known distributors such as ToysRUs, Harrods, and Wal-Mart in US, may increase the sales drastically.

One way to do that is to consult with a marketing research company to gain further knowledge of the customer behavior, and the scale of using technology, and those who like to have a full purchasing experience. As for having the increased adoption of technology made reaching the customers easier, since the influencer to make the purchase is the child, but the decision is made by the parents, the parents are easier to communicate what their child needs in terms of toy goals. Not to mention that there is also a segment for adult kids, which makes almost 6% of the customers, who are also reachable to have more inputs about their preference in terms of purchasing experience.

8- Recommendations & Conclusion

In conclusion, it is very important to achieve the short- and long-term goals, especially with the current boom of toy industry. It is important to get ready for the future changes, specially after the COVID-19 pandemic, which have changed the economics and market experience significantly. This strategy should be a guide to minimize the threats and maximize the opportunities in this industry. The reputation that Just Toyz have created, coupled with product development is what will make this company excel. All of the factors needed to have a continuing success is to have an innovative process, to look for new ideas for unique toys, with unique material, and these factors are available in Just Toyz current state.

Many toymakers are in the industry and they all look for creating new toys to attract new customers. And because of the new technology spree and demand, companies should invest in smarter toys creations. Creativity is what supports the growth of the targeted market, which leads to an increase of the toy market size. This should not be considered as a final plan. Just Toyz should consider revisiting its strategy every 3 years, or incase a huge impact has taken place globally, such as this time.

The growth of the company needs to be backed up by the CEO's vision to take the company into its next huge step.

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