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Introduction:

While Just Toyz achieved market penetration in UK and Japan, but still need strategic plan to maintain the growth and survive sharp changes in the world.

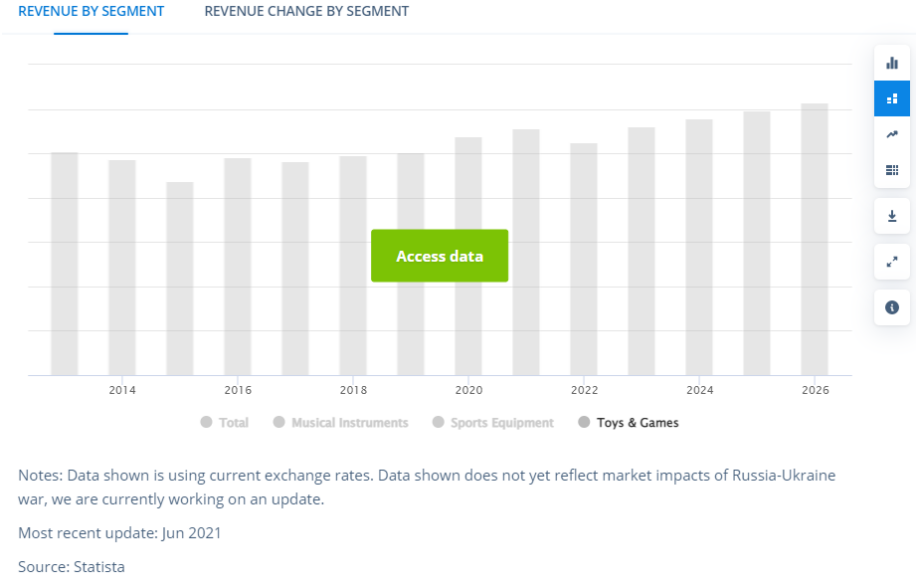
The strategy affect all stakeholders and form a way of actions to reach company goals.

Strategic planning allow tracking of progress toward the goals , set key performance indicators (KPIs) to monitor ,evaluate , and correct the actions to achieve the goals in an effective and efficient way .

One significant benefit of strategic planning is that it creates a single, forward-focused vision that can align your company and its shareholders. (Catherine Cote, 2020)

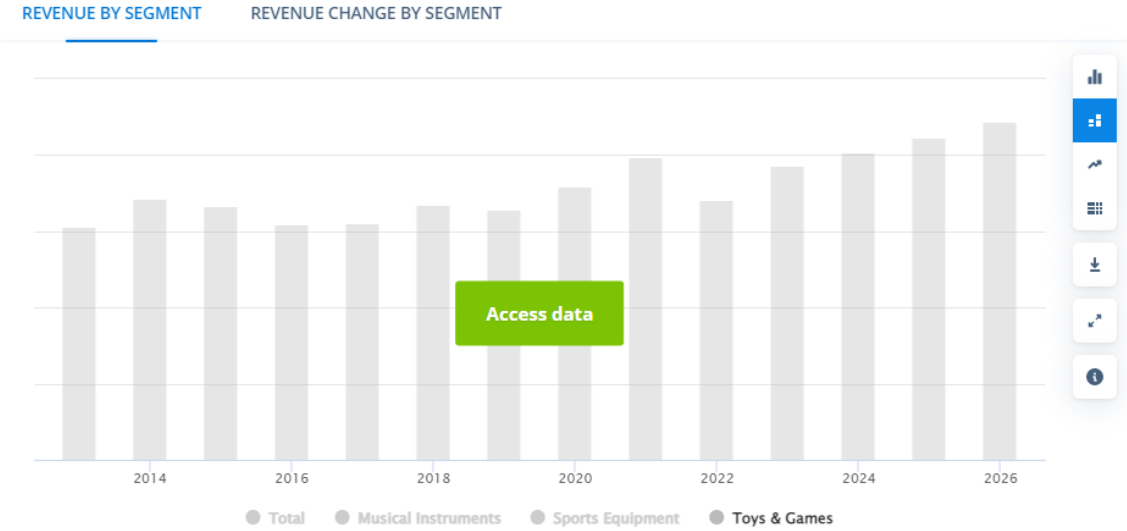
Let's take a quick look on the existing market size in UK and Japan for toys and games.

Toys and Hobby-Japan : Revenue in the Toys & Hobby market amounts to US\$21.07bn in 2022. The market is expected to grow annually by 4.16% (CAGR 2022-2026).



The market's largest segment is the segment Toys & Games with a market volume of US\$13.13bn in 2022.

Toys and Hobby-UK: Revenue in the Toys & Hobby market amounts to US\$12.14bn in 2022. The market is expected to grow annually by 6.49% (CAGR 2022-2026).



Notes: Data shown is using current exchange rates. Data shown does not yet reflect market impacts of Russia-Ukraine war, we are currently working on an update.

Most recent update: Jun 2021

Source: Statista

The market's largest segment is the segment Toys & Games with a market volume of US\$8.55bn in 2022.

As we can see, the market declined in both countries in 2022, making us need to look deeper into the challenges facing those markets. Knowing that depending only on those two markets cannot sustain the growth aimed by Just Toyz .

Challenges in Japan Toys Market:

1. Difficulty of doing business

Japan fall down to the 29th in how easy doing business in the country but the interesting is it falls deep down to the 106th in starting a business .(Ease of Doing Business rankings,2019)

The real problems in doing business is societal and language barrier. Japan has a ‘LOW’ proficiency ranking of 13th out of 24 Asian country according to EF EPI “ English Proficiency Index ” , Business protocols are very are different from Western norms and there is an inherent bias against foreigners. (Lutz Muller, 2017)

Economy	Global Rank	Starting a business	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts
Denmark	4	45	11	48	28	8	1	14
United States	6	55	39	4	36	25	39	17
United Kingdom	8	18	41	37	7	27	33	34
United Arab Emirates	16	17	10	48	13	30	92	9
Canada	23	3	36	15	7	19	51	100
Kazakhstan	25	22	24	25	7	64	105	4
Japan	29	106	43	94	57	51	57	50
Turkey	33	77	27	37	21	26	44	24
India	63	136	154	25	13	115	68	163
Egypt, Arab Rep.	114	90	130	67	57	156	171	166

Retrieved from **Ease of doing business Ranking by The World Bank**, The rankings for all economies are benchmarked to May 2019

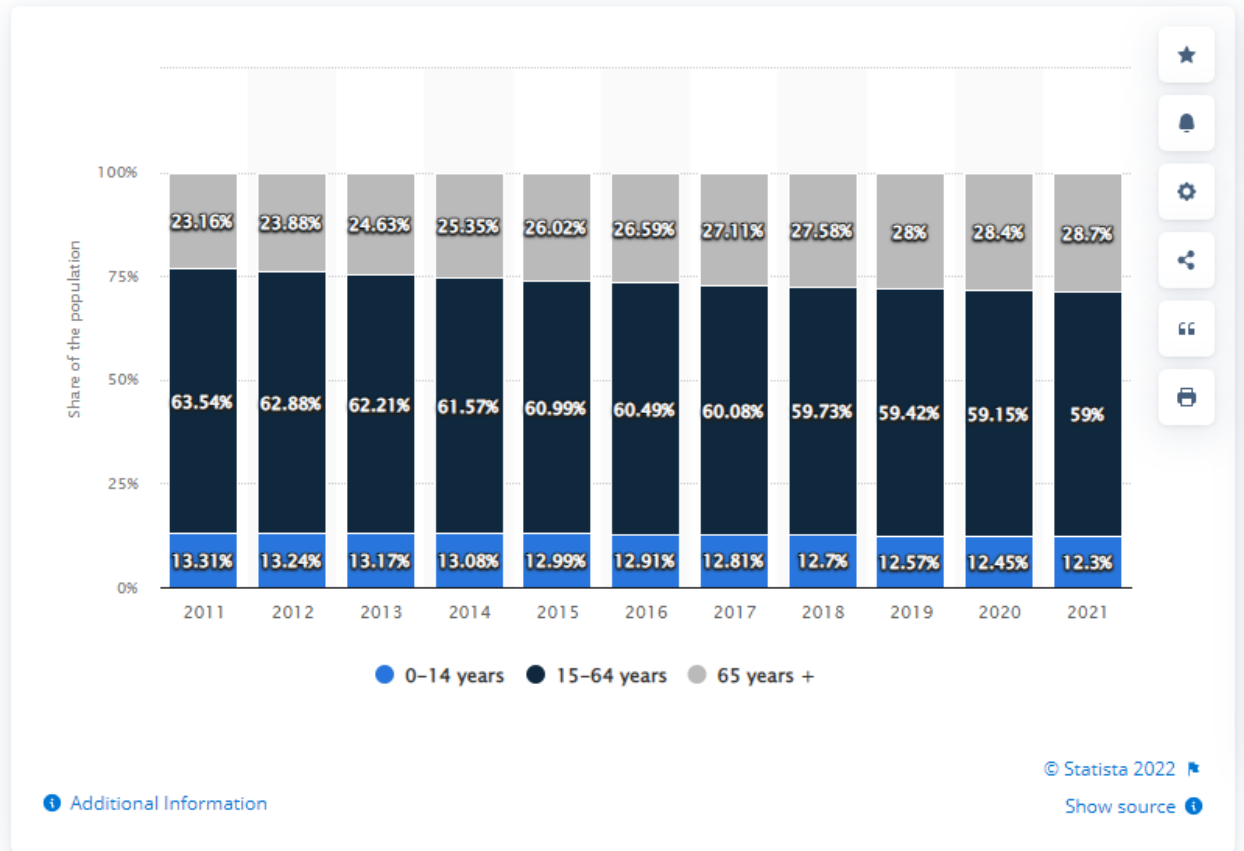
2. Complex Distribution chain

There is millions of small and big retailers serviced with hundred thousands of wholesalers and semi-wholesalers this cause accumulative margins and results in considerably higher prices for the consumer. Same toy in Amazon Japan will be more expensive than Amazon U.S.

3. Population is aging

The target segment by the toys industry is getting slimmer every year, and shrinking market the competition increases to a deadly levels.

Japan: Age distribution from 2011 to 2021



Challenges in UK Toys Market:

1. Supply chain

Competition for shipping containers between industries and busy ports affected the toys industry with issues in supplying materials and finished toys to the retail market.

That increased the cost and reflected on the consumer prices.

“Availability of products and reliability of shipments were also an issue”, according to Kerri Atherton from the BTHA (BBC January 2022)

2. Russian Ukraine War

The cost of Goods such as toys is rising by high rate as impact of Ukraine war and China Covid lockdowns combined.

That is resulting increase in prices of materials and shortage in supplies , on top of that the increase of energy cost .

UK and western sanctions on individuals with links to Russian government could have also impact on the internal Investments inside the UK .

3. Safety regulation

The UK has informed the WTO of its intention to revise its legislation on toy safety. The new law would be implemented in phases, starting October 15, 2022. (Dr. Hingwo Tsang , April 2022)

The revised Toys regulation will :

- Expand the number of prohibited allergenic fragrances
- Strengthen the migration of aluminum 2.5-fold for all toy materials
- Restrict aniline and formaldehyde in certain toys/toy materials

That will have impact on the cost of toys and toy materials supplied to UK market because it will include mechanical and analytic testing to comply with the new regulations.

4. Brexit law

Shortage of lorry drivers and temporary workers, many of them from Eastern Europe, Caused by tighter post-Brexit immigration rules.

Shortage in manpower caused issues in the distribution chain specially during Christmas and new year.

Strategy schools:

Growth

- **Integration strategies:**
 - Vertical integration: reduces cost by having the production, supply chain and distribution chain as part of the business. This is done when the suppliers or distributors bargaining power increases and making profit on the expenses of the company. However, an expensive strategy reduces the flexibility of the company.
 - Forward : become own distributor and having own branded retail stores
 - Backward: become own supplier and the company is involved in design, production and shipment.
 - Horizontal Integration: integration between companies to reduce competition is done by merge or acquisition. That integration can increase the market share, open new market and reduce risk; however, it is a difficult strategy to apply due the different culture of each company.
- **Intensive strategies:** requires intensive effort to improve the competitive position of the company to open new market , develop existing product or to introduce new product to the market
 - Market penetration: Make existing product more effective and attractive to increase market share, the company must have solid position in the market, ready distribution chain, and strong marketing engine.
 - Market development: Introducing the company-trusted product into a new market still needs to study the market economic and social aspects and to do full STEEPLE analysis, because a successful product in a market can fail in another. Modify the marketing plan according to the new market needs.

- Product development: Modifying and improve a product or introduce a new product to achieve more market share, that strategy require extensive researches , however it needs good reputation to allow the consumer to accept the new version of the product.

Competitive

- Diversification: Introducing a new product to a new market, that strategy requires Product development and market development and it comes as the following types.
 - Concentric: the strategy focuses on developing a new product related to a successful trusted product targeting same customers and using same distributors.
 - Conglomerate: the strategy based on customer loyalty and trust to accept introducing new product not related existing products. The customers buy the new product because they trust the high quality or service the company provide.
 - Horizontal: Introducing a new product not related to existing products but related to existing suppliers, Example of new product is wooden home cutlery and dishes while existing product is wooden toys.
- Michael Porter Generic Strategies
 - Differentiation: based on the value given to the customer, this strategy target the customers who are not buying only based on price but also quality and social appearance. The company using this strategy needs to understand the market needs and to stay innovative to keep up with the changes of those needs. The company and its products needs to be branded as unique to get high position of visibility.
 - Cost leadership: Low cost strategy to maximize the profit to use it to increase the company performance and market share, lower cost company can decide the existence of other competitors. The winner is who can lower the cost without lowering the quality by improving the operation

management to be lean with minimum waste. Like that, he can be best cost provider giving highest quality with same price as competitors or same quality with lower price.

- Focus : is to use differentiation strategy focused on a certain segment of the market , or to use cost leadership focused on a certain segment of the market
- Partnership: When two businesses cooperate in certain areas like marketing, supply chain, distribution, finance, technology or combination of these. Legal strategic alliances also provide businesses advantages including sharing resources, work force, and brand power through a legal agreement.

Defensive

- Retrenchment : lowering the expenses by cutting benefits and laying off employees
- Divestiture: Selling part of the business to provide cash flow for the rest of the company or to regain the company focus on the core products and market development
- Liquidation: selling all the business assets to pay off creditors and shareholders

Suggested strategies for Just Toyz:

To increase market shares in UK and Japan Just Toyz needs to use combination of product development, differentiation and partnership strategies.

New developed products must be special enough to overcome the challenges in the markets and have the competitive advantage needed to increase the market share.

Enlarging the market segmentation by targeting other segments of the market like men from 20-40 years old who are still engaging in Mobile phones, PlayStation and PC games however, they can afford much more expensive toys. These products will be for them as souvenirs and trophies more than toys to play with. Example: games characters toy models or toy sport cars with high details, Toy weapons with high details.

Considering partnership with the games developers and add Just Toyz in the in-game ads will give more authenticity to the toys and hence give more value.

Focusing on high quality and giving best value and experience to the customer will be the strategy to differentiate , Just Toyz product from others.

For Expanding growth outside UK and Japan, market development strategy and partnership will be needed.

Even the unfortunate events of Ukraine war or COVID can be turned from threats to opportunities by turning the important figures and characters into toys and games during the rebuilding period.

Competitive advantage:

There are four factors that help a company build and sustain advantage: Efficiency, Quality, Innovation, and Customer responsiveness (Kang, H. 2018).

- Efficiency : the fewer the inputs and the cost to produce the final output products the more efficient is the company .

JUST TOYZ need to use its same online wholesale shopping portal that was the reason of success in the first 36 months to launch the new products but as a special category toys.

JUST TOYZ will select and dedicate best production facilities and suppliers for the new products from the already existing supply chain.

The selection will be done included into the process to comply with the new UK toys safety regulation to reduce waste.

Another selection process will be done for the distribution facilities, so the new products will be only in selected retail stores Targeting gamers and elite toys shops, those products will not be the kind of toys displayed in the hypermarkets.

- Quality : Not only the high quality of the products is essential but also improving the quality of the online shopping experience is also required to improve the value given to the customer.

The Online shopping Portal should be remodeled to be more attractive and easier to use for the wholesale buyers and include individual purchase for the new products in UK and Japan, so the buyers can pick up the goods from the retail shops or can be delivered to them.

Online Customer feedback tool in the portal will be good indicator to test the customer satisfaction and to guide any necessary improvement in the products.

That will be a step toward online distribution worldwide through selected retailers.

JUST TOYZ strategy will be based on improving the quality of online shopping, supplying high quality new product and enhancing the quality of existing products to match with the new image of the company.

Quality assurance and control processes must be implemented from the production facilities until the distribution, considering customer feedback.

Before commercial production, testing the market with samples is good idea to avoid waste.

- Innovation : now a days most of the games have upgrades and new looks for the characters as outfits or so called “skins” that the players buy them as in-game purchases. Also the material toys need to be upgradable with new outfit or weapons kits purchased separately.

AS most of the target customers have access to mobile phones, Using Augmented Reality to make the toy tells a story as a video or make the owner to play a game when he scan the toy with a camera.

Link the upgrades to new stories, so each time he upgrade the toy or put new skin on it tells a different story.

Using the technology to transform the toy from just a toy to something interactive that can last for long time, and make the customer waits with passion for the next release of an upgrade or another version of the toy.

The toys will be automatically linked to the owner social media accounts and JUST TOYZ account, and using AI technology the displayed content to the owner will be different according to his age.

Linking the purchase of toys to rewards in the PlayStation or PC games related to these toys, using the partnership with games developers, will provide mutual benefits for both parties and customer awareness.

- Customer responsiveness: engaging the customers in the process of marketing and producing the toys.

Use the online portal as platform for toys owners, collect feedbacks and suggestions from them.

competitions between toys owners for the best outfits and upgrades and make the rewards as points used in next purchase

While JUST TOYZ is interacting with the customers, customer satisfaction will be monitored and improvement of the production processes can be easier.

Using the customers as marketing machine as once they create an account on the platform, JUST TOYZ can reach all their contacts on social media.

Recommendations:

JUST TOYZ need to Make partnership with a the developer of a famous game like “Genshin Impact” or “fortnite” within one year. While working on that partnership they have to prepare the employees for that change .

JUST TOYZ staff and management will be more involved in design, quality control, respond to customer feedbacks, and upgrade the online tools. In addition, each market will have its needs and its own toys safety regulation.

We recommend that JUST TOYS to create a matrix organization structure.

As the company is working online, no offices needed in the countries of distribution, Create a division for each country to satisfy the market needs. Example: UK division will have a team of designer, customer service person, Quality and safety compliance person and sales.

Japan and other countries divisions will have their teams.

Each division will have a Flat structure to allow flexibility and fast decision-making.

Support functions like Human Resources and finance, will be common for all divisions.

Resistance will oppose every Change and in order to achieve the new Goals of JUST TOYS the company leaders must generate culture of confidence

- Open Channels with the employees for mutual communication and connecting with them
- Align the employees on the common goals; make them feel the urgency of change and the benefits from it.
- Engage the employees into decisions so everyone feels that it's his own goals

JUST TOYZ need to make its accounts on social media platform such as YouTube, Facebook, and Instagram strong and interactive, regularly updates the pages and contents with innovative creations.

JUST TOYZ strategic plan will include short-term and long-term goals to realize those recommendations, as goals without a plan are only dreams.

JUST TOYZ strategic Plan:

Executive summary

JUST TOYZ new strategy improves the structure and culture of the organization to be able to:

Develop new high quality products that have more emotional value to the customers.

Differentiate JUST TOYZ new products from other competitors by being upgradable and using Artificial intelligence, augmented reality and other technologies to stay interactive, so kids and adults can enjoy it.

By creating connection between the new innovative toys to worldwide famous persons, locations, or events, they create a rich experience for the users in the real world.

Partnership with famous games developers will create that connection between the toys and the characters, items and events of the gamers world.

Create networks and communities of followers and JUST TOYZ products owners that can work as marketing engine and feedback collectors .

Respect the joy and playing Culture of each country, and use high quality and reliable data to open new markets in Europe and the middle east.

Apply strict quality control processes to ensure compliance with the safety regulations in the distribution countries and to satisfy the customers and give them best experience.

Apply strict financial processes to control the suppliers and distributors power and create profit to the company.

Vision Statement

“JUST TOYZ is the Agent of Joy and Discovery around the globe”

As the toys are tools for joy and discovery , it help us to find our talents and to see the world around us better , JUST TOYS aim is to be the destination of fun and smart toys and games for kids and adults all over the world.

Mission Statement

“JUST TOYZ Offers tools of Joy, research, and discovery for you to change the future “

JUST TOYZ products help their owners to be happier, smarter, and more interactive; those are the building blocks of a future full of energy.

SWOT analysis

In this analysis, we are turning the strengths of JUST TOYZ and the threats into opportunities that can cure the weakness and make the company performance stronger.

- Strengths:
 - The company has successful online wholesale shopping portal
 - The company has already international market in two Advanced countries
 - Having market in UK and Japan means that the toys produces already meet the high quality and safety standards of those countries
 - The company has suppliers in Thailand with relatively low labor cost, which is useful to achieve good profit margin.
 - The company has 3 years' experience in online wholesale
 - The company management has the will to grow

- Weaknesses
 - The company has only two markets (UK and Japan)
 - The company platform is for wholesale not for individual sales
 - There is no customer feedback channels that can reach the toys owners; you cannot improve a product without feedback to know its flaws.
 - Existing products are not related to famous characters or event to give emotional value to the owners
 - Existing products are not using the technology to make the owners more engaged.

- Opportunities

- Open New markets in Europe and Middle east
- Donate Toys to Ukraine kids to make the brand known for future Expansion in Ukraine and Eastern Europe after the war.
- Improve the quality of the Existing products
- Make good network of high quality suppliers who can exclusively work with JUST TOYS and maintain quality control processes.
- Make good network of Distributors who have international branches and can help in expanding the sales outside UK and Japan.
- Improve the Online sales portal to include wholesale and individual sales
- Create online platform for toys owners for marketing and feedback collection, this platform will work as a club for JUST TOYZ owners to create a community.
- Make new engaging products that use the technology to create more emotional value to the owners Kids or adults.
- Improve the organization structure and make the employees more engaged with the goals of the company
- Improve the organization Culture , the joy culture must be from inside the company and appears on the toys distributed to the world
- Making partnership with games developers can give the opportunity to JUST TOYZ to develop games, in-game products, toys and products related to famous games.
- Create strong presence on social media

- Threads

- Aging of the population of Japan
- Russian-Ukraine war
- Strict Safety regulation
- Other big competitors like LEGO

Short-term Goals:

1. Select production facilities and suppliers with quality control process applied in 3 months
2. Start production of samples of the new Toys to test the market in 3 months
3. Make improvement on JUST TOYZ online shopping portal in 3 months
4. Finish Construction of JUST TOYZ platform for toys owners in 6 months
5. Select Distribution facilities targeting gamers and elite toys In 3 months
6. Start negotiation with distribution facilities in middle east and Europe for future expansion and achieve a deal in 1year .
7. Create Social media team to update the platforms in 3 months

Long-term Goals:

1. Triple the net worth of the company in three years
2. Make sales in new markets in Europe and in Middle east by 50% of the total sales of the company
3. Achieve one million account on JUST TOYZ online platform in three years
4. Make partnership with three strong games developers to produce toys related to their games
5. Achieve Three million Followers on social media platforms in one year.

Conclusion:

Growth of a company like JUST TOYZ needs to create a brand that can offer something different to the customers and create a mental image of marvelous experience once you see the logo.

JUST TOYZ product will be the kind of toy that you can never throw away and you can use it until you become adult, but it is never enough.

You will always need to buy new upgrades and always waiting for the new release.

The Keys to Success are:

- Creation of strong and agile organization structure
- Development of Innovative toys, products.
- Use strong financial controls
- Listen carefully to the customers.

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