
Marketing Strategy Assignment Example Toys Industry

Marketing Strategy Assignment

Industry Chosen: - The Toys & Games industry

The global toy industry is a bn dollar industry. It is dominated by five main players: Mattel, Namco Bandai, Lego, Hasbro and Jakks Pacific.

Industry Overview:à

The toys & Games industry is very old and has an inter-relationship between technological progress and the formation of industry specific skills. This occurred as the Toys & Game Industry spurted in 3 main companies. They were Japan, United Kingdom and United States of America. One of the oldest Toys & Games industry started off in 1955 in japan. We see later that Japan's game industry prospered by drawing on the nurtured talents of people drawing manga (Japanese comics, origin 1930's)

This prompted the cross-sectorial fusion of skills between the acts of manga and Anime to lead into the birth of a new industry sector called the Video Game Industry

The US Scenario in this industry has data that is representative of retailers that participate in tracking representing approximately 80 percent of the U.S. retail market for toys. When factoring up to 100% for a total market figure, NPD estimates the U.S. market size for the total toy industry to be in the \$26.5 billion range in 2016. (Data Table shall be attached with the assignment at the end)

The EU toy industry generates about EUR 5.8 bn. in production value. The estimate for direct employment in traditional toys is about 51,000 for the EU, including Croatia. United Kingdoms have a gross total of 2.6 bn in production value. That's almost more than half of the total pie in terms of production value.

Market Leader 1 à

Namco Bandai

Namco Bandai has always been one of the top 5 companies in this industry since 2006. Also known as Bandai Namco, This is a Japanese holding company created by the merger of Bandai and Namco on September 29th 2005. It specializes in toys, games and animation.

To understand why the Bandai Namco group is the market leader, we must first understand its constituents.

NAMCO started off in 1955 as a children's entertainment company with the name of Nakamura manufacturing. Later they reorganised and called it Nakamura Amusement Machine Manufacturing Company (In short, NAMCO).

NAMCO gained their popularity when they released their third arcade debut called "Pac- Man". It became so popular that the company managed to gain pop relevancy due to it. They made it an obvious choice for their company mascot and people remembered the company's name throughout the times.

Bandai Group started in 1950's in Japan as a toy manufacturing company. In 1960's, they started export sales and by 1970's, they were the leading toy company in Japan. They spearheaded the manufacturing of two very iconic toy brands. They are Digimon and Power Rangers. In the 1990's, a Gaming Giant by the name of SEGA expressed concern in the company but at the end, the merger failed due to corporate cultural differences. Now coming to the main matter at hand. In 2017, Namco Bandai had the highest annual revenue of the selected toy companies, generating revenues of 6.38 billion U.S. dollars.

A one-child policy and rising incomes have even led to a sharp decline in the child population in China.

NAMCO Bandai being such an old brand, moved onto digital when its constituents released Tekken and Soulcaliber along with Digimon and Power Rangers (To name a few titles). So as a whole, it already had a good foundation in digital platform. Another interesting statistic is that NAMCO Bandai came as number 3 in 2016 for revenue generated. This shows that the company is consistent and remains as one of the leading Toy Companies. Thereby, by this logic, NAMCO Bandai is the Market Leader

Market Leader 2

The second market leader is none other than the company called Mattel. Mattel has one very signifying brand that caused a huge uproar in the industry and the toy became a legend that people still play with. This is the die cast hotwheels brand. The method of Die-Casting cars was never used in the toy industry on such a small frame before. The detailing of the cars and the constant promotion made hotwheels an inseparable part of their TG who were children interested in cars.

To promote their sales, they showed kids getting hotwheels as gifts on their bday and how happy they are. This was a clever ruse and marketing strategy. This made the kids feel jealous and gave the parents an idea as to what to buy for Christmas/Birthdays & other occasions.

No more guessi g. This subliminal messaging worked wonders and hotwheels remains as one off the top brands in its own category.

Market Challenger 1

The first market challenger in my view is Playmobil. It is a company born from the likes of LEGO. An ex-employee of LEGO started this firm. In the beginning, they chose to produce solely in the EU. Obviously that was before LEGO started expanding into the cinematic universe.

They first competed with smaller players but since there were similar features of Playmobil toys with that of LEGO's, people started buying Playmobil as an alternative for LEGO. (A cheap

alternative if you will). They started off in the digital sphere as well by bringing out one of the first RPG games called Dragon fable. Now that asset has changed many hands but it remains a landmark in the gaming industry.

Once, Playmobil chose to design and develop toys close to their home markets, and link up with large Asian production facilities and Hong Kong liaison offices to increase capacity for fast response to changing product specifications. This was because the market was changing and to implement and further develop technical aspects of the production process and manage quality and safety effectively. (Late 2016- Early 2017)

Playmobil has had its own share of problems. In 1978, a German- Hungarian firm started reproducing Playmobil Toy sets. The company's name was Schenk. They had not received any form of permission or licence from Geobra Brandstätter. This company made almost identical copies of the Playmobil originals. Some sets were tweaked to create new types of sets, usually military, from the history of Hungary.

Then, a new catastrophe happened in the EU that caused a permanent change in the industry policies. The Brexit happened. This caused Playmobil to shut down a few of their ties with their Asian production facilities. However, they still have a huge market in EU that rivals LEGO every financial quarter. Now there are talks of raising the Brexit after Donald Trump's statement to the Queen (Her Majesty).

So I believe that Playmobil shall become up & running at complete capacity soon thereby posing a huge threat to LEGO and NAMCO BANDAI

Playmobil currently have 3 major factories in the EU. They're in Germany, Malta, and Spain. Every site focuses in a particular area of manufacturing and parts that are needed to assemble a set are delivered to the destination where the items will be placed together and put in their final packaging before sale. Malta specializes in making the characters and a few accessories, Spain specializes in accessories, and Germany makes the bigger items such as ships and castles.

Market Challenger 2

The second market challenger is LEGO. It's common knowledge that LEGO is one of the most well established toys company. However, with the advent of digital gaming, LEGO toys have become almost less used. Their main TG have become more and more tech savvy as the generation has passed.

One good move made by LEGO is by recreating iconic heroes by portraying them in the LEGO way (Made up of LEGO Blocks) then getting almost the entire DC universe in their movies.

Lego just celebrated its 60th year anniversary on April 27, 2018. They are indefinitely the world's most celebrated toy brand. Their marketing strategy is very interesting. They decided to stick to their roots and came up with a campaign called "The Brickastory" where they talk about how they started, their origin word that meant "Play Well"

The reason why LEGO has been put in the challenger category is due to the revenue it

generated in 2017. They were 22% behind Namco Bandai in terms of total revenue generated.

The vision of LEGO is ““Lego is a very mission-driven company. The family is very clear about the mission to inspire and develop the builders of tomorrow, to reach more kids, and they're super dedicated to that”

Market Follower 1

Hasbro is a market follower. This we can understand when we take a look at the 4P's of Hasbro. When Lego came up with a pricing strategy of low cost to target the kids , No one in the market was doing so. It was an alien concept due to the sole fact that “Less price would make people feel that the product is not good”. Whilst battling such perception, LEGO managed to stay afloat and break out of it.

Seeing this, Hasbro also started targeting children of all age groups. They started to put their toys priced at 10\$-100\$. They started targeting teens as well after LEGO did the same thing (Movies attracted teens and kids alike)

Market Follower 2

Matchbox Toy company became a market follower after they started building die cast toy cars looked very similar to Mattel's Hotwheels. Mattel discovered the consumers for Hotwheels and it became a rage. However, Hotwheels came later, Matchbox had come first but they weren't in the die cast car industry at all. They saw an opportunity when hotwheels became so popular. So Matchbox managed to hit those target cities that Hotwheels brand had not yet hit. That's how they established a foothold of their brand.

Market Nicher

A company called Takara Tomy is a market Nicher. They released a niche product called Beyblade. This was the first, easy to use, child friendly toy that did not have a lot of sharp pieces. Beyblade was later sold internationally by Hasbro after they got a license from Takara.

The company brought forth a revolution. Since their technology was patented, no other competitor could officially build or sell these products. The release of these toys coincided with the anime series bringing this much more popularity.

The product “Beyblade” is a battle top with interchangeable parts that determine it's physical and kinetic attributes.

The only thing that Takara had to worry about were the bootleggers and fakes that flooded the market. However , the market for beyblade did not reduce to a lot. This is because the knockoffs were of such a bad quality that they could not last in the Bey arena for for than two strokes.

Takara did not market any other toy as much as beyblade.