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Toys 'R' Us Adds KB Toys to its URL Empire

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Looking for KB Toys online? You'll be directed to Toys.com, which is owned by mega merchant Toys 'R' Us.

Through a subsidiary called CE Toys, Toys 'R' us has purchased the intellectual properties of bankrupt rival KB Toys for \$2.1 million cash.

The deal includes all of KB Toys' U.S. federal trademark registrations, a foreign trademark registration and 72 different domain names used by the company.

Though the deal was approved by U.S. Bankruptcy Court in Wilmington, DE, on Aug. 6, Toys 'R' Us announced in a 10-Q filed Sept. 4 that it is the owner of CE Toys. Toys 'R' Us said in the 10-Q that it does not expect the acquisition to have a material impact on its consolidated financial statements.

Toys 'R' Us has been on an asset spending spree in 2009. The company in February acquired the e-commerce Websites eToys.com and BabyUniverse.com, as well as the parenting Website ePregnancy.com from bankrupt The Parent Co. Also in February, Toys 'R' Us snapped up the Internet domain Toys.com through a separate bankruptcy auction.

Is the brand acquisition strategy a good move for Toys 'R' Us? Robert Passikoff, president/founder of brand consultancy Brand Keys, says it couldn't hurt.

That's because some brand-loyal consumers have a short memory when their favorite stores disappear from the retail landscape.

"It's the kind of situation where you count on the face value people gave these [bankrupt] brands," Passikoff says. "KB Toys didn't go out of business because of the quality of toys, but because it didn't have a smart business plan."

Passikoff says this is also a way for Toys 'R' Us to continue fending off Walmart, which has become the country's top seller of toys.

"The URLs that Toys 'R' Us has been buying are an aggregation of brands that were competing with them," Passikoff said. "It's better than someone going to KBToys.com is redirected to the Toys 'R' Us Website than to a dead page."

Toys 'R' Us in May acquired certain business assets of children's retailer FAO Schwarz, giving it the two FAO Schwarz retail stores in New York and Las Vegas along with the FAO Schwarz e-commerce and catalog businesses.

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