

Analysis Marketing Strategy of Pop Mart and Potential Solutions

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Abstract. Under the background of the rapid rise of global trend culture, the trend economy, especially the blind box business, is developing rapidly. Pop Mart has risen quickly with its unique and innovative business model and has become a representative enterprise in China's fashion industry. This paper takes Pop Mart as the research object, combines STP theory and 4P marketing theory, and systematically analyzes its current marketing strategy from the perspectives of market segmentation, target market selection and brand positioning. The study found that while Pop Mart achieved phased market success, it also exposed many problems. First of all, over-reliance on the head IP image, product homogenization is serious. Secondly, pricing mechanism causes disputes. Thirdly, the channel structure is single, and the digital marketing ability is insufficient. Finally, the international market is expanding slowly, and the global marketing power is small. To solve the above problems, this paper puts forward four suggestions. First, the company can enrich the IP matrix, promote original design and cross-border cooperation, and stimulate the freshness of products. The second is to optimize the price system and implement stratified pricing strategy to meet the needs of different consumers. Third, accelerating the integration of online and offline, improving digital operation capabilities, and strengthening the localization of overseas market operations. Lastly is to innovate publicity methods, reduce excessive reliance on KOL, and enhance user engagement and brand interaction.

Keywords: Pop Mart; Marketing Strategy; 4P Theory; STP Theory.

1. Introduction

Under the trend of the growth of the global tide market, the blind box economy has developed rapidly. The main consumer group of blind boxes is Generation Z whom born between 1995 and 2009. Generation Z has a large population and strong consumption power [1, 2]. Since its establishment, through continuous innovation and market expansion, Pop Mart has quickly become a leader in China's tide toys market, with a high position in the industry, and its unique business model has laid a solid foundation for today's success.

Pop Mart's existing marketing strategy, although successful in promoting its rapid expansion, is also problematic, its essence is the imbalance between "short-term explosion" and "long-term sustainability". Through STP framework analysis, the target customer group, target market and brand positioning are determined [3]. Through the analysis of 4P theory, these problems are mainly reflected in four aspects: product strategy, price strategy, channel strategy and promotion strategy: product over-dependence on head IP, high price caused controversy channel, heavy reliance on offline, unreasonable promotion mode. These problems restrict the sustainable development of the brand, so it needs to be upgraded from the aspects of IP diversification, price system optimization, channel digitalization and user interaction deepening.

This study adopts the literature survey method, through the systematic analysis of the public materials and industry data of Pop Mart Company, combined with STP theory and 4P theory to carry out research. Firstly, STP framework is used to define its core consumer group, target market and brand positioning from three dimensions: market segmentation, target market selection and market positioning. Secondly, through the 4P theory of product, price, channel and promotion four elements, in-depth analysis of marketing strategy status. It is found that the company has problems such as insufficient product innovation, unbalance price system, single channel structure and limited promotion methods. Based on this, the study puts forward improvement suggestions from the

dimensions of product diversification, price optimization, and channel upgrading and promotion innovation, so as to provide reference for the sustainable development of Pop Mart.

2. Case Introduction

2.1. Brand Introduction

Pop Mart was founded in 2010 and is headquartered in Beijing. As a pioneer and leader in China's fashion game industry, Pop Mart has successfully promoted niche fashion games to the mass market through the innovative "IP+ blind box + community" business model. Pop Mart's core business includes fashion toy development, IP operations and retail. Its signature blind box sales model creates a unique consumer experience that greatly increases user engagement and re-purchase rates. According to the human factors market segmentation method, according to the characteristics and consumption data of different groups, Pop Mart will focus on young female consumer groups; The target market aims at the emotional needs of consumers, takes advantage of the "loneliness" of contemporary young people, and creates a product that inspires consumers' desire to collect and can be used as a social currency to meet people's needs. The market is positioned on the concept of "democratization of art" and "light luxury" tide play, so that every consumer has the experience of appreciating art.

With an innovative business model and strong IP operation capabilities, Pop Mart is continuing to grow. The company actively expands overseas markets, and its business has covered many countries in Southeast Asia and North America. As a representative enterprise of China's fashion culture, Pop Mart is committed to creating a global leading fashion culture entertainment platform.

2.2. Developing Process

In 2016, Molly IP's transformational significance brought great success to the brand. 2010-2015 pre-Molly era, Pop Mart only agents overseas IP, low profit margin; Since buying out Hong Kong designer Kenny Wong's Molly rights in 2016, the IP has contributed huge profits to Pop Mart. Molly's design is also unique, from breaking the traditional exaggerated expression, to "no mouth", leaving the emotional projection space for consumers and lowering the threshold of cultural understanding. In 2020, Pop Mart was listed on the Hong Kong stock exchange. Early highlights moments embodied in: on December 11, issue price of 38.5 Hong Kong dollars, rose 79% on the first day, the value of 100 billion Hong Kong dollars, P/E ratio (PE) as much as 120 times, showing strong developing power and potential [4]. With the development, Pop Mart Company has also begun to carry out globalization, mainly concentrated in Southeast Asia, North America and other markets, but due to cultural differences, the development of the European and American markets is hindered, and the effect is not obvious. In 2022, Pop Mart tried to combine physical boom play with digital assets. The company launched its first Molly digital collection, with additional privileges for the purchase of NFT, which received great attention and triggered a 500% premium in the secondary market. However, due to China's NFT regulatory policy restrictions, it was subsequently forced to cancel the secondary trading function. The experiment did not live up to expectations, but it provided lessons for the future.

2.3. Marketing Strategy

Based on the analysis of 4P theory, Pop Mart Company has built a unique marketing strategy. First of all, the company has original IP such as Molly, and expands its IP lineup by cooperating with world-renowned artists, while opening up user-defined designs to remind personalized experiences. Besides, the layered pricing strategy allows different consumers to fit in and meet their needs. Also, Marketing channels are combined online and offline: offline physical stores and vending machines and small programs and online stores adapt to different consumer groups. Finally, the company not only co-names with major companies across the border, but also provides a variety of interesting gameplay.

3. Problems (4P Theory)

3.1. Product

First, Pop-Mart's product flaws. The company has lots of similar popular images, but continuously using same images will not help developing in the long run [5]. Molly, for example, the first and most influential product image, Molly series from 2016 to 2023 total sales reached 4.5 billion yuan, accounting for 32% of the company's total revenue in the same period. But if the company relies too much, it may cause consumer aesthetic fatigue [6]. Moreover, in 2021, SKULLPANDA series of blind boxes have been tested to release 0.12mg/m³ formaldehyde, exceeding the formaldehyde standard of Chinese toys. After the incident, the company under the emergency response and batch products. Although nothing similar has happened since, it still has an impact on the company's image [7].

3.2. Price

Secondly, the price of the product is controversial. Pop Mart's blind box products have relative high selling price. Such a large gap is suspected of excessive profit making and deviation from the value of things. Such use of "emotional value" method will lead to consumers' lack of trust in the brand, so there is no possibility to continue to consume [8]. In addition, the crazy speculation of hidden models in the second-hand market has further intensified the contradiction. Some professional speculators monopolize resources through technical means, which is difficult for ordinary consumers to obtain, forming an unbalanced psychology. This scarcity will also have a negative impact on some underage consumers, such as borrowing blind boxes or buying hidden money.

3.3. Place

At the same time, Pop Mart's sales channel has loopholes. Online small programs and software settings due to unreasonable, resulting in 30% user loss. In the era of rapid Internet development, this marketing model relies too much on offline, and the lack of digital marketing will miss many opportunities. In addition, although Pop Mart Company has obtained a lot of profits in the Chinese market, the insufficient development of the international market is not conducive to the company's profit. At present, the international development area is concentrated, and there are too many gaps: the overseas market is mainly concentrated in Southeast Asia, the European and American markets are underdeveloped, and the country has not entered Latin America, Africa and other regions. Even in the developed overseas regions, the official Instagram account is not active compared with the official account of the domestic social platform, and cannot attract enough consumers and fans.

3.4. Promotion

In the process of promoting products, the rational use of KOL can create income for the brand. However, Pop Mart's excessive reliance on KOL in marketing promotion not only increased the risk, but also had a negative impact on consumers.

In 2022, the Pop the cooperation of the company of talent play a "boom" has been exposed for sale, jointly and severally Pops, also suffered a consumer trust crisis. On the existing mainland social platforms, the promotion mode of blind boxes is mostly stylized "unboxing video", and there are not many other creative ideas, which leads to user aesthetic fatigue and does not play a role in promoting products. If PopMart continues to promote the model, it may have little effect.

4. Suggestions

4.1. Product Creativity and Safety

For product problems, in terms of expanding multiple IP, Pop Mart needs to break through the dependence on a single path. The company can continue to build a "pyramid-type IP incubation

system", that is, retain the core status of the top IP such as Molly, but also create a novel image through cross-border co-branding, such as cooperation with cultural heritage and fashion brands; An incubation platform is established in the middle layer to provide designers with more creative space, encourage novel product images, and encourage users to co-create mechanisms to screen potential works and have the opportunity to be applied in products; This model reduces product risk while keeping content fresh. At the level of product quality, the company can establish a complete product monitoring system. In the early stage, environmentally friendly materials were developed, gradually replacing traditional plastics. Implement reasonable testing system in the medium term, that is, manufacturer self-inspection and third-party sampling inspection, and ensure that samples are retained for traceability; Later launched traceability program, consumers can scan the code to view the material report and production history [9]. In addition, consumers can form "user experience committees" to invite players to participate in product testing and backtrack safety requirements from use scenarios. Although these measures will increase costs, they can ensure product quality and consolidate brand position. When the safety quality is improved, users will be more willing to spend for this.

4.2. Price Setting and Supervision on Second-Hand Market

In response to the disputes caused by product pricing, companies can adopt the strategy of "tiered pricing + value reshaping". In terms of pricing, flexible pricing can be given for different consumer groups, such as launching a "lightweight version" blind box (39-49 yuan range) for young groups such as students, which can reduce costs by simplifying packaging and reducing size; To provide collectors with "rare edition" blind box (such as 199-399 yuan), and with the artist's signature and exclusive number, enhance the added value; In overseas markets, regional pricing can be adopted, the new development market can maintain the people's line, the price can be low, to protect the freshness of consumers is not intimidated by the price, and developed countries can be relatively higher prices to shape the brand image. To alleviate the chaos of the second-hand market, it can be suggested to increase certain consumption restrictions, such as single transaction price limit and limit, to ensure fairness among consumers.

4.3. Place Variety and International Market

In view of the problems of Pop Mart's dependence on offline stores, lack of digital marketing and insufficient development of international market, improvements can be made from the use of digital marketing and the expansion of overseas markets.

In terms of digital marketing, make reasonable use of social media, such as releasing new product announcements on Weibo, Xiaohongbook and other platforms, and highlight product advantages and expand brand awareness while cooperating with popular bloggers and Internet celebrities [10]. Organize online blind box, flash sale and other activities in official mini programs and apps, and push relevant content according to users' preferences with the help of statistical data; Build a community platform, actively encourage users to communicate and share, and enhance user stickiness.

To expand overseas markets, the company must first strengthen investment in the European and American markets while consolidating the Southeast Asian market, and open more offline stores and vending machines. At the same time, the company will actively explore undeveloped areas such as Latin America and Africa. It can also promote localized operations, cooperate with local artists, combine local culture and aesthetic preferences, and create unique products that can arouse consumer resonance and sense of belonging, and combine the consumption habits of different regions, flexibly adjust sales channels. Finally, strengthening the operation of overseas social media accounts, increase the frequency of content release, enhance the brand's local awareness and influence, and attract more consumers.

4.4. Promotion Strategy

Lastly, optimize the cooperation strategy with KOL. The company and not simply rely on a few head Kols, but to build a diversified talent matrix, dig different styles of bloggers, and disperse risks. And strictly review the cooperation objects, establish integrity files, and eliminate the hidden dangers of bad behavior such as selling fake goods. At the same time, encourage KOL innovative content forms, in addition to unboxing videos, can create tide play stories, DIY transformation, scene construction and other rich and diverse short videos to stimulate consumer interest. On the other hand, strengthen interaction with consumers. Set up creative soliciting activities on official social media platforms, invite consumers to design packaging, IP image, etc., for new products, and give rich rewards to the selected candidates to enhance the sense of participation. Regular online tastings will be held to let consumers know the details of new products and the design concept behind them through live broadcasting, answer questions and solve doubts in real time, and collect feedback. Offline stores set up interactive experience areas, consumers can touch, assemble fashion games, take photos and punch cards to share social platforms, with word-of-mouth communication instead of a single KOL promotion, rebuild brand image, and improve the effectiveness of promotion.

5. Conclusion

In recent years, with its unique "IP+ blind box" business model, Pop Mart has made remarkable achievements in the Chinese fashion toy market. By introducing original IP and cooperating with well-known designers, and selling these IP products in the form of blind boxes, Pop Mart has successfully stimulated consumers' desire for collection and enthusiasm for purchase, especially among young groups, forming a strong brand appeal. However, while achieving phased success, the company has also exposed some problems in marketing strategy that need to be solved, mainly reflected in the lack of product innovation, pricing disputes, single sales channels and slow internationalization.

First of all, in terms of product innovation, part of the IP image of Pop Mart gradually faces aesthetic fatigue, the lack of continuous content update and image breakthrough, resulting in a decline in consumer freshness.

Secondly, the dispute over the pricing of blind box products has also affected consumers' willingness to buy to a certain extent. Some consumers believe that the current price does not match the value of the product, especially the high price phenomenon caused by the hidden model in the second-hand market is easy to cause a negative reaction of public opinion.

Third, in terms of channel construction, Pop Mart currently mainly relies on offline stores and online self-operated platforms, lacking diversified sales paths, which limits the reach of the brand.

Finally, in terms of internationalization, BubbleMart has yet to form a strong presence in the global market. Although the company has set up stores in some countries, the overall international layout is still slow.

To sum up, if Pop Mart can optimize in terms of product diversification, price strategy, channel expansion and international layout, it will help it to enhance brand competitiveness, expand market share, and continue to maintain a leading position in the increasingly fierce fashion market.

In order to solve these problems, first of all, the company needs to constantly introduce new design forces to enrich the IP matrix, and at the same time, it can consider cross-border cooperation with other fields such as animation, games, film and television, etc., to enhance the fun and cultural connotation of products.

Second, Pop Mart can explore more flexible pricing strategies, such as tiered pricing, time-limited discounts or member preferential mechanisms, and strictly regulate transactions in the second-hand market.

At the same time, the company should further expand cooperation on e-commerce platforms, and try to promote products through emerging channels such as social media, e-commerce live broadcasting and short videos to enhance brand exposure.

Finally, developing a more systematic global development strategy and combine the cultural differences of different countries and regions to create localized IP and marketing content, so as to better open the international market.

This study analyzes the marketing strategy of Pop Mart in detail and provides possible solutions to provide ideas for companies facing similar difficulties. Due to objective limitations, the method and the author cannot be negated. Future research can continue to dig deeper into the characteristics and trends of the consumer market, and increase more possibilities for improving strategies.

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