

Analysis on the Marketing Strategies of the Pop Mart

Kefei Ding*

New Channel-UIBE Qingdao A-level Centre, Qingdao, China

*Corresponding author: outlook_B5065EB61165CE0C@outlook.com

Abstract. Since its founding in 2010, Pop Mart has transformed the figure market with its creative blind box advertising and robust intellectual property development, drawing in young customers between the ages of 15 and 35, especially female collectors. Pop Mart uses curiosity, scarcity, and emotional attachment to increase sales by fusing original and collaborative intellectual property with a distinctive shopping experience. Top-notch IP incubation, a wide range of sales channels, and an extensive online-offline ecosystem are its main advantages. Its survival is threatened, though, by issues including exorbitant product costs, waning brand loyalty, post-purchase disputes, and an excessive dependence on limited edition excitement. Collaborations across industries, forays into everyday goods, worldwide market development, and theme park endeavours are all examples of growth prospects. However, there are serious risks from legal limitations, aesthetic fatigue, and growing competition from both domestic and foreign businesses. To guarantee long-term success, this paper offers strategic solutions such as tiered pricing, improved after-sales services, enriched IP storytelling, and worldwide cultural integration. The instance of Pop Mart emphasises how crucial innovation, adherence to the law, and strategic collaboration are to creating enduring brand influence in a cutthroat industry.

Keywords: Pop Mart; blind box marketing; IP strategy; consumer behavior; SWOT analysis.

1. Introduction

Founded in 2010, Pop Mart adheres to the brand philosophy of "creating trends and spreading happiness.", The blind box marketing strategy and unique product IP design of Pop Mart have profoundly changed consumers' traditional impression of figurines and opened up new consumption ideas. targeting young consumers aged 15 to 35, especially female collectors. Creating multiple original IP characters and collaborating with popular IPs, Pop Mart sells its products in blind box form, taking advantage of consumers' strong curiosity about the unknown. The hidden items in blind boxes further fuel consumers' impulse to purchase. Countless young people are addicted to the thrill brought by blind boxes and are willing to pay for them. Pop Mart's market value has reached 200 billion yuan, and its revenue in 2024 is expected to reach 13 billion yuan. Its management predicts that Pop Mart will achieve sales of 20 billion yuan in 2025, with sales outside the Chinese mainland expected to exceed 10 billion yuan. Therefore, Pop Mart has earned the title of "Plastic Moutai" and enjoys significant influence in China and worldwide. Nowadays, Pop Mart's products are no longer limited to basic blind boxes. Derivative products such as phone cases, plush toys, and keychains are also highly sought after, and limited edition large figurines have been sold at sky-high prices. Meanwhile, Pop Mart's online stores are available on major platforms, and its offline stores occupy prime locations in commercial districts. Pop Mart has become a leading company in the cultural and entertainment product industry.

2. Analysis on the Problems

The following analysis will be conducted on a specific analysis of it based on the SWOT model.

2.1. Strength

Firstly, Pop Mart's ability to incubate top IPs is leading in the industry. Among Pop Mart's IPs, Molly stands out as the most iconic, created by Hong Kong artist Kenny Wong, inspired by a blonde and blue-eyed girl with a pout in a fairy tale picture book. In 2019, Dimoo was born with its macaron

color scheme and soothing style, touching the hearts of countless consumers. Pop Mart's designers did not limit themselves to the cute style of IP's popularity. The following year, Skullpanda was born with a background setting of "mutant creatures in a future cyber world"; its dark and gothic style attracted countless trendsetters to pay for it, including some male consumers. This move undoubtedly optimized the user's broadened its gender appeal. Besides the success of its IPs, Pop Mart actively collaborates with other popular IPs. For instance, the Molly and Hello Kitty collaboration blind box launched in 2020 not only broadened the market and increased its popularity but also achieved a new high in revenue. Even the secondary market premium exceeded five times. Recently, the Dimoo and Disney collaboration has reached a new height of popularity, as evidenced by the countless fans queuing up in advance and scalpers' sky-high asking prices [1,2]. Besides collaborating with classic animation IPs, Pop Mart has expanded its scenarios and chosen to collaborate with some high-end brands. For example, in 2023, it collaborated with Moncler down jackets, not only enhancing the collection value of the brand but also introducing the IP from toys into daily life. Additionally, Pop Mart has attracted different consumers through collaborations with games, movies, and Chinese trend culture, gradually entering the public eye.

Secondly, Pop Mart has formed a complete online and offline integrated closed loop through multiple sales channels. Offline sales are divided into two forms: stores and machines. The unique decoration style of the stores creates an immersive experience for consumers. Buyers in offline stores make "bets" by shaking the boxes, and the psychological suggestion and strategies increase the probability of impulse purchases. Machine sales are placed in prominent locations such as the entrances and exits of shopping malls at a lower cost, not only reducing the cost of manual supervision but also allowing consumers to experience a new shopping method. These vending machines are composed of transparent display cabinets, interactive screens, and product display stands. After consumers select their favorite blind boxes on the operation screen and make the payment, the blind boxes will be precisely placed at the pick-up port by mechanical arms. When the goods are delivered, there will be brand sound effects and flashing lights, providing consumers with a sufficient sense of experience and solving the problem of choice anxiety for some consumers at the same time. Humans' curiosity for new things is always the greatest, so the probability of impulse purchases is also the highest. Online, Pop Mart takes advantage of its huge traffic to establish flagship stores on major e-commerce platforms such as Taobao, Tmall, and JD.com, and has a unique membership system for stratification. It uses big data to repeatedly recommend to "people who might like it", greatly increasing the transaction rate. In addition, Pop Mart also has its mini-program, which introduces the "box cabinet" function to simulate the offline purchase experience and generate virtual display collections to increase the happiness of collectors. Some cross-border products, such as the Molly and MAC beauty collaboration, are also sold in live-streaming rooms, leveraging the traffic of live-streaming platforms like Doyin and the promotion of the Internet to increase sales and popularity, achieving a win-win situation.

Finally, Pop Mart takes advantage of some psychological mechanisms by setting its products as blind boxes, greatly enhancing the playability of the products. When the uncertainty of rewards collides with the desire to collect, people will be driven by dopamine release to make impulse purchases. Pop Mart perfectly grasps consumers' psychology by setting certain probability games, making consumers feel that "if they draw one more time, they will win", thus leading to repeated purchases and consumption. Moreover, Pop Mart creates scarcity by limiting sales and releasing festival-limited editions, stimulating consumers and making them pay for it.

2.2. Weakness

First, due to the high cooperation fees with contracted designers and the expensive licensing fees for popular IPs, the base models of Pop Mart products are priced between 49 and 69 yuan, while some limited editions and derivatives can cost as much as 5,000 yuan [3]. This has led Pop Mart to lose low-income groups as customers. In contrast, its competitors, such as Cool Toys and MINISO, have launched blind box businesses with much lower prices, and even offer greater discounts during

clearance sales. They use their channel advantages to engage in price wars. As a result, consumers with average incomes are more likely to choose products from their competitors. This not only causes Pop Mart to lose customers and reduce user stickiness but also risks losing the low-end market. Therefore, counterfeit Pop Mart products are rampant, and some have even formed complete industrial chains. This has a huge impact on Pop Mart, as its penetration into the lower-tier markets is significantly limited.

Second, Pop Mart's brand loyalty mainly stems from addiction mechanisms and emotional projection [4]. Addiction can deplete users' trust. When people overly pursue hidden editions and become "boxers for hidden editions" rather than truly valuing the IP's value, if they don't get hidden editions for a long time, the probability of repurchase will significantly decrease. Moreover, the proportion of scalpers and speculators in the secondary market is increasing, which makes consumers feel that it goes against their original purchase intentions, and thus stop purchasing. When limited editions are snapped up by professional proxy buyers, the winning rate for ordinary players drops sharply, which greatly leads to a completely opposing situation between scalpers and ordinary players, intensifying conflicts and generating negative impacts. If consumers come to believe that limited editions can only be obtained by paying a premium to scalpers, their shopping desire will also decline, and the popularity and negative reviews of limited editions will increase. Secondly, the background story of IPs is weakened. As an original product design company, Pop Mart's products provide certain emotional value to consumers. However, nowadays, the storylines of popular IPs are constantly being diluted. For example, Molly is merely positioned as a little girl who loves to draw. For new users, such a background setting is not attractive at all and fails to drive their purchase intention. In contrast, Japan's Sonny Angel has a background story of "angels descending to the human world", forming a complete worldview and story, creating an emotional bond between users and the product. According to surveys, the repurchase rate of this product over 10 years is as high as 48%, far exceeding that of Pop Mart.

Third, Pop Mart's after-sales issues have always been a concern. As a new product sales model, blind boxes should not be treated the same as regular online shopping. As a leader in the blind box industry, Pop Mart should set an example. Currently, Pop Mart's rule of "no after-sales without an unboxing video" has sparked widespread controversy [5]. Even if any major problems occur with the products, if consumers have not recorded unboxing videos, the customer service of Pop Mart will use this as a reason to refuse any after-sales service. Some consumers who purchase multiple items at one time need to record extremely long unboxing videos and require others to help them record, which has caused great inconvenience to consumers' purchases. Due to the uncertainty of blind boxes and the unequal prices of different products in the secondary market, consumers pay extra attention to the product condition when they get popular or hidden editions. Pop Mart has set a series of after-sales rules based on the special attributes of the products [5]. Although detailed rules ensure the greatest fairness, overly complicated procedures can also cause consumers' frustration and dissatisfaction. Many consumers have posted their unpleasant experiences during exchanges on social media and raised the issue of difficult exchanges at Pop Mart. When after-sales service is overly difficult, it not only disappoints consumers but also deters many potential customers who are still considering. Finally, the inconsistent compensation has also become a key issue in the after-sales service of Pop Mart [5]. Due to different employees handling the after-sales process, similar situations may result in different compensation amounts. Although it is normal for each employee to have different ways and attitudes in handling, given the popularity of Pop Mart and its huge traffic on social media, even a small compensation gap may be amplified on social media. Consumers will unconsciously make comparisons, leading to an increase in the number of complaints.

2.3. Opportunity

Firstly, the IP images of Pop Mart have deeply rooted in people's hearts, thus the products have strong brand collaboration and plasticity. If the products are integrated into daily necessities with high usage frequency, such as tea cups, stationery, cosmetics, etc., and collaborate with leading brands in

these fields, it will greatly enhance the popularity of Pop Mart [6]. At the same time, it can also cover the brand image across all age groups. For instance, if Pop Mart collaborates with stationery brands like Zebra and Pilot, it will significantly increase its popularity among teenagers and students. Similarly, recently, Pop Mart's collaboration with INTO YOU and Judydoll on limited edition gift sets has attracted many female consumers. The cute images of Dimoo's figurines, combined with lipsticks and eyeshadow palettes, have not only boosted the sales of the cosmetics themselves but also enhanced Pop Mart's popularity among women. Pop Mart's marketing strategy for cosmetics has played a significant role in sales. The packaging design is very exquisite, and if consumers purchase a complete set of makeup, they will receive an additional figurine as a gift. Considering the average price of Pop Mart's blind boxes, without price reductions, it satisfies consumers' emotional value and gives them a psychological hint of a discount [subtracting the price of a blind box]. This cross-border marketing model will become the main way for Pop Mart to expand its popularity.

Secondly, Pop Mart's City Park officially opened on September 26, 2023. As Pop Mart's first "fashionable IP + theme park" project [7], it took three years from planning to construction, demonstrating the company's high level of attention to this project. Netizens have compared Pop Mart's City Park to China's Disneyland. The park has four entertainment zones: the "LABUBU" themed area with a forest and amusement rides; the "DIMOO" themed area with a yacht lake; the "MOLLY" themed area with a castle and a restaurant and children's playground; and the "Bubble Street" area that combines interaction, games, and shopping. Pop Mart's theme park has become a successful case of turning fashionable IP value into reality [7]. The deeply rooted images have attracted countless enthusiasts to visit. The park also holds daily "star" parades, which not only enhance interaction with users but also bring a wave of traffic. For example, the performer of "Big Leader" became popular on the Internet with his powerful dance moves. So far, the LABUBU family has grown significantly, with many IP images like ZIMOMO and MOKOKO having their fans. Pop Mart seized the opportunity and created LABUBU gummy keychains and blind boxes. Whether it's the first, second, or third generation, they are all in high demand. Some large dolls and keychains are also very popular and have become "popular decorative items" in the homes of trendy young people. This shows that Pop Mart's marketing strategy is very successful, and the offline performance of IP images has also attracted a large number of fans.

Finally, regarding the overseas market, LABUBU once launched a Thailand-exclusive doll, which became popular in Thailand with the promotion by BLACK PINK member Lisa [8]. As is well known, Lisa enjoys nationwide popularity as a cultural ambassador of Thailand. Therefore, her love for LABUBU will lead countless local fans to follow suit. LABUBU is not only hard to find in China but also remains highly popular in Thailand. Therefore, Pop Mart can open up the overseas market by creating some regionally limited editions that combine IP with local culture.

2.4. Threat

The first issue is about policy and regulatory risks. With the rapid development of the blind box economy, the relevant control treaties and regulations are becoming increasingly strict [9]. Chinese law stipulates that blind boxes cannot be sold to minors under the age of eight, and minors aged eight to eighteen must obtain their guardians' consent when purchasing. It is well known that students make up a significant proportion of Pop Mart's customer base [9]. This policy will lead to the loss of some customers.

Secondly, the probability of drawing hidden items in blind boxes must be disclosed and strictly regulated. When people directly see the likelihood of drawing hidden items, it is very likely to weaken their impulse to purchase. Only one hidden item is available in every 144 blind boxes. Previously, people would bet on whether there would be a hidden item in a complete set of blind boxes, thus shifting from purchasing individual blind boxes to complete sets. When the concept of a guarantee that a hidden item will be obtained after purchasing 12 sets emerges, it will have a significant impact on consumers and lead to a substantial decrease in Pop Mart's sales.

The second issue is about potential aesthetic fatigue with the same IP. As times change, consumers' tastes will also change. Currently, the life cycle of Pop Mart's popular IPs is relatively short, with the popularity of a single IP lasting less than three years. Some IPs lacking a story background and emotional connection are likely to be eliminated by the times. Moreover, the updated images of the same IP are quite similar, with perceived repetitiveness in design, except for the clothing. This will cause consumers to no longer pay for the same design and significantly reduce the novelty. Additionally, Pop Mart is highly dependent on the designers of its top IPs, such as Wang Xinming and Long Jiasheng. Therefore, a considerable amount of time and money must be spent maintaining harmonious relationships with them. If the designers' influence becomes too strong, the company may be in a passive position and face the risk of "losing popularity when the person leaves". The last issue is about the entry of international companies of the same type into the Chinese market. Companies like Disney, Sanrio, and Bandai have launched blind boxes, figurines, and dolls based on their classic IPs, and they have relatively stable fan bases and mature supply chains. Moreover, their numerous physical stores offline bring heat and traffic, making them the first choice for young people to shop and take photos. They occupy a very important position in the mid-range market. Especially Disney, with its vast network of characters, has over 1,000 IPs and precisely targets different groups through animations, movies, and theme parks, causing a "demotion" to Pop Mart. Not only that, but local competitors like TOP TOY under MINISO and 52TOYS, with their affordable prices and rapid update speed, have entered the sinking market by collaborating with Disney and Sanrio, making blind boxes more accessible to people. As a result, some Pop Mart customers have shifted to these more affordable domestic blind box brands.

3. Suggestions

First, regarding the issue of competitors offering lower prices, Pop Mart can introduce products of different consumption levels. For instance, when some new products are sold online, a 10% discount is offered for purchases of three or more items. Limited-time discount coupons are also distributed in the Douyin live-streaming room. The official also periodically releases "random lucky bags" for 199 yuan containing 3 to 5 blind boxes, and places them in self-service vending machines. For instance, the current Meme Grain blind boxes, priced at only 12 yuan each, are more affordable and acceptable to the general public compared to the traditional blind boxes priced at 69 yuan each. Additionally, Pop Mart can offer some promotional discounts, adjust the ratio of points to cash back from 20:1 to 10:1, and maintain a good relationship with consumers. By adjusting the ratio of points redemption, the stickiness of consumers can be enhanced, and at the same time, it can stimulate the concept of "buy more and save more" among consumers. This not only boosts user loyalty but also drives consumption growth. At the same time, Pop Mart should ensure quality control for high-priced products and win over consumers with value for low-priced ones.

Second, concerning the high reliance on cooperative IPs, Pop Mart should enhance the development of its IPs, continuously explore and create new IP characters [10], for example, strengthen the background story of the characters and endow popular IPs with different stories to make the products emotionally appealing and touch consumers' hearts, for example the Molly series of blind boxes from her childhood have evoked consumers' memories of their own childhood. By doing so, Pop Mart can attract consumers with the most sincere emotions and make them willing to pay.

Third, regarding brand loyalty, Pop Mart should always keep an eye on market trends, constantly optimize existing IP products, and attract new fans by breaking out of its comfort zone and changing the original style. At the same time, Pop Mart should maintain retain loyalty of existing users and integrate blind boxes into everyday consumer culture.

Fourth, concerning after-sales issues, Pop Mart should actively address consumers' problems, improve quality control to reduce unnecessary troubles caused by quality issues, and increase the number of after-sales customer service staff. Currently, the after-sales service time of Pop Mart is

generally long, and the long waiting time makes consumers frustrated and easily escalates conflicts, complicating simple problems.

Fifth, regarding policy and regulatory risks, Pop Mart should disclose probability data transparently and strictly abide by laws and regulations to protect the legitimate rights and interests of both parties. Pop Mart can also introduce a clear box series to increase consumers' choices and retain the market of minors, allowing them to experience the joy of opening boxes legally. By reducing the chain reaction of impulsive consumption by minors, such as the cumbersome after-sales problems caused by parents not allowing their children to purchase after learning about the situation, the system of not selling blind boxes to younger consumers by Pop Mart has greatly enhanced the brand's credibility.

Sixth, regarding aesthetic fatigue with the same IP, Pop Mart should break away from the fixed IP style, challenge consumers' traditional impressions, and reverse the image to see the response. Pop Mart can also explore the field of technology and introduce AR toys to extend the product life cycle and make up for shortcomings [11].

Seventh, regarding the entry of international companies into the Chinese market, Pop Mart can strive to cooperate with these companies. This not only enhances the international reputation of both parties but also increases transaction volume and brings more benefits, achieving a win-win situation [11]. Pop Mart can also study different national cultures and introduce regional collaboration series to expand the overseas market and form "disruptive competition" with local competitors.

4. Conclusion

Through the research on the marketing methods of Pop Mart Company from the four aspects of strengths, weaknesses, opportunities, and threats, I deeply felt the huge benefits brought by its marketing wisdom, and also found some deficiencies and loopholes, and provided some suggestions for this. I believe that the development of a company first requires innovation, which is indispensable. Secondly, cooperation with companies of the same type can completely achieve a win-win situation, and to a large extent, avoid the negative impact of competition that is time-consuming, laborious, and meaningless. Finally, the operation of any company must be within the scope prescribed by law and must not cross the red line of laws and regulations. Only by being legal and compliant can it develop for a long time and even open up overseas markets. The brands should learn the marketing strategies of leading companies as user operation, IP shaping, community building, etc., in various fields, take the essence and discard the dross, enrich the experience, and also think about how to create unique business in such a fiercely competitive world today.

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