

Analysis of Pop Mart's Marketing Strategy Based on the SWOT Model

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Abstract. In recent years, the Chinese trendy toy market has experienced rapid growth, with Pop Mart becoming an industry leader through blind box strategies and IP operations, achieving exponential expansion. However, amidst intensifying market competition and evolving consumer demands, Pop Mart faces challenges such as short IP lifecycles and homogeneous competition. This study aims to systematically analyze Pop Mart's marketing strategies using the SWOT model, examining its strengths, weaknesses, opportunities, and threats, while proposing optimization recommendations. Regarding the research background, Pop Mart's transformation from a toy collection store to a trendy toy brand with a market value of hundreds of billions warrants in-depth analysis of its business model and innovative marketing strategies. Current research predominantly focuses on its success stories, with relatively insufficient exploration of potential risks and improvement pathways. This paper reveals Pop Mart's gaps in IP depth and user emotional connection by comparing its operations with international IP giants like Disney, and proposes transformation strategies based on new media environments and consumption trends. Methodologically, this study employs a combination of case analysis and the SWOT model, examining Pop Mart's development trajectory, market competition landscape, and user behavior characteristics to identify its core competencies and potential risks. The research significance lies in providing theoretical support for Pop Mart's strategic adjustments while offering valuable insights for the sustainable development of the trendy toy industry.

Keywords: Pop Mart; marketing strategy; SWOT analysis; IP operation.

1. Introduction

This paper conducts a systematic analysis of POP MART's marketing strategies and its competitive advantages and challenges in the Chinese trendy toy market based on the SWOT model. The research reveals that POP MART has successfully established a distinctive business ecosystem through its dual-track IP strategy of "self-owned + licensed" IPs, innovative blind box mechanisms, and social engagement development. However, limitations such as insufficient IP depth and a singular business model have constrained its long-term growth potential. In response to the evolving new media landscape and shifting consumer trends, POP MART needs to enhance its IP content development, diversify its business operations, and strengthen technological barriers to maintain market competitiveness [1]. By integrating theoretical frameworks with case study analysis, this research provides targeted recommendations for POP MART's future development while offering valuable insights for marketing strategy research in the trendy toy industry.

2. Analysis on the problems

In the kaleidoscope of the Chinese consumer market, Pop Mart is like a suddenly bursting colorful candy, leveraging mysterious little boxes to unlock the emotional wallets of Generation Z. Established in 2010, this trendy toy brand initially started as an ordinary toy collection store in Zhongguancun, Beijing. However, in 2016, it achieved a significant commercial transformation with the image of "Molly," a little girl pouting her lips, and the blind - box gameplay. Nowadays, whenever customers enter any shopping mall, they can always see young people gathered around Pop Mart's vending machines, with excitement reminiscent of gamblers.

Pop Mart's rise is a textbook-level business case. From 2017 to 2021, its revenue witnessed an exponential leap from 158 million yuan to 4.49 billion yuan, and its market value once exceeded HK\$100 billion, making it a well - deserved "unicorn" in the Chinese trendy toy industry. On the track it has heated up, competitors such as TOP TOY under Miniso and 52TOYS have emerged like mushrooms after rain. Nevertheless, Pop Mart has always maintained a leading market share of approximately 9%—this figure may seem small, but it represents an absolute top position in the fragmented trendy toy market.

Interestingly, the relationship between Pop Mart and its competitors is like a fascinating "imitation game." On the one hand, the blind - box model it pioneered has been emulated by numerous latecomers; on the other hand, the emergence of these imitators, in turn, validates the feasibility of Pop Mart's business model. Just as Starbucks popularized the entire Chinese coffee market, Pop Mart has unexpectedly become a "preacher" in the trendy toy industry. However, when people see young people queuing up to buy limited-edition items with Lingna Beier dolls on their backs at Shanghai Disneyland, they can't help but wonder: How far is Pop Mart from becoming the "Chinese Disney"? Perhaps the answer to this question lies in the marketing strategy code within the SWOT analysis framework.

2.1. Strength

In the Chinese trendy toy market, POP MART has successfully established a comprehensive business ecosystem covering IP creation to social consumption . This ecosystem comprises four pivotal components: strategic IP resource deployment, collaborations with top-tier IPs, exploration of hidden attributes, and organic integration, collectively forming a distinctive competitive moat.

POP MART's business expansion commenced with a strategic approach to IP resource development. Through a dual-track model of "self-owned + licensed" IPs, the company has cultivated over 100 IP characters with diverse styles. From the therapeutic Molly to the dark-themed Labubu, these IPs not only cater to multifaceted aesthetic preferences but also maintain user engagement through continuous content iteration. Immersive marketing initiatives, such as the "Molly's Time Travel" pop-up store in Beijing's Sanlitun, have transformed these IPs into cultural symbols with emotional resonance.

Having solidified its IP foundation, POP MART achieved a transition from niche to mainstream through collaborations with industry giants such as Disney and Sanrio. This strategy not only leveraged Disney's extensive fan base but also reinvented the consumer experience through blind box mechanisms. The value creation from these collaborations extends beyond generating consumer attention.

When POP MART partnered with artists like Yayoi Kusama to launch limited editions, trendy toys acquired art collection attributes. The 2022 "Queen of Dots" collaboration series, with a retail price of 399 RMB, reached a secondary market peak of 6,800 RMB, representing a 17-fold premium. This value transformation not only elevated brand positioning but also activated consumer investment psychology. Data from the Xianyu platform indicates that POP MART's hidden edition transactions exceeded 2 million units annually, creating a unique secondary market ecosystem. This secondary market, in turn, has enhanced brand recognition and consumer purchase intention to a certain extent [2].

If IP collaborations and co-branding initiatives establish product value, the exploration of social attributes enables Pop Mart to transcend the boundaries of commodities and evolve into a subcultural medium. The ingenious design of the blind box mechanism transforms consumer behavior into a social game—the 1/144 probability of obtaining a hidden edition not only stimulates repeat purchases but also ignites users' desire to share on social platforms. When young individuals showcase customized display cabinets on social media or attend offline gatherings with limited editions, trendy toys have metamorphosed from mere playthings into "social currency," assuming the dual functions of identity expression and group affiliation. The company's relationship with customers has evolved from a basic transactional model to fostering a fan community and cultivating a shared culture around

trendy toys within this community [3]. Consequently, this transition from material consumption to spiritual resonance significantly enhances user engagement, surpassing that of conventional consumer product categories.

Ultimately, Pop Mart has successfully transformed the aforementioned advantages into commercial value through its omnichannel strategy, marking the final pivotal juncture in its development. The company has established a comprehensive sales network comprising over 500 themed stores and 2,000 robotic retail outlets. The online "Blind Box Draw" mini-program replicates the offline experience, while the real-time unboxing interactions in live streaming rooms have significantly enhanced the online conversion rate.

2.2. Weakness

An in-depth analysis of Pop Mart's competitive disadvantages reveals that the most fundamental issue lies in the insufficient depth of its IP development [4]. When comparing Pop Mart's Molly with Disney's Mickey Mouse, this disparity becomes particularly evident. Pop Mart's IPs often remain at the superficial level of character design, lacking comprehensive storylines and rich personalities, resulting in figurines with appealing designs but limited narrative depth that could extend their lifecycle. In contrast, Disney's classic IPs are embedded in expansive story universes and emotional depth. Mickey Mouse is not merely a cartoon character but a cultural icon that has carried the childhood memories of countless individuals through nearly a century of content accumulation. This difference in IP development models directly leads to varying depths of emotional connections with users. Disney fans often maintain their emotional attachment to IPs for decades, spanning generations, while Pop Mart's users are primarily attracted by novel designs and blind box mechanics, resulting in relatively transient and fragile connections. A typical example is the frequent sight of three generations of a family taking photos with Mickey at Disneyland, whereas Pop Mart's user base is predominantly concentrated among young people aged 15-35.

In terms of business model, Pop Mart excessively relies on physical trendy toy sales, particularly its blind box product line. This singular revenue structure is similar to a high-concentration risk strategy; when the blind box market reaches saturation or consumer novelty wanes, the company faces growth bottlenecks. In comparison, Disney has constructed a comprehensive content ecosystem: from film and television content to theme parks, from derivative merchandise to digital platforms. Its diversified revenue streams converge like multiple tributaries into a river, providing a more stable foundation for the company's development.

Another significant disadvantage of Pop Mart is its weak competitive barriers. Its core blind box model is highly replicable, and the market has already seen numerous competitors with similar mechanics. Highly vulnerable to replication, though exquisitely designed, it cannot withstand the tide's erosion [3]. In contrast, Disney's competitive barriers are akin to a fortified fortress: nearly a century of content accumulation, global brand influence, and cross-media content production capabilities, all of which require long-term investment and cannot be surpassed overnight.

From the perspective of user value, Pop Mart primarily offers collectible value and social currency, akin to fast-moving consumer goods in the fashion industry, chasing immediate trend effects. Disney, however, creates deeper emotional value: memories of growing up, shared family joy, and the immersive experience of a dream world. These emotional connections, that grows in emotional depth with time, accumulating value over time. This value disparity is directly reflected in user loyalty and consumption continuity. Disney fans often repeatedly consume different products of the same IP, while Pop Mart users require continuous new product stimulations.

2.3. Opportunity

The transformation of the new media environment, primarily driven by the evolving role of consumers, has provided Pop Mart with significant strategic opportunities. The rapid development of social media and digital technologies is reshaping the competitive landscape of the trendy toy industry [5]. Within the UGC (User-Generated Content)-dominated new media ecosystem, consumers have

gained unprecedented capabilities for content creation and dissemination through platforms such as Xiaohongshu and Douyin. This shift has disrupted the traditional unidirectional brand communication model, transforming consumers from passive recipients to active participants. In this context, Pop Mart has gained the potential to establish deeper interactive relationships with consumers.

Building on the empowerment of new media, Pop Mart needs to transcend its singular positioning as a trendy toy brand and foster stronger emotional bonds with consumers. While the blind box model has successfully captured the market through novelty, long-term development requires moving beyond the mere trendy toy label to establish psychological resonance with consumers. By engaging in narrative-driven IP development—such as crafting character backstories, designing interactive experiences, and fostering community co-creation culture—Pop Mart is poised to transform into a culturally iconic brand. This approach effectively mitigates the risk of market homogenization resulting from competitors imitating the blind box model. Moreover, the in-depth development of emotional value will serve as a key competitive advantage distinguishing Pop Mart from other trendy toy brands.

From a market competition perspective, as China's trendy toy market remains in a phase of rapid growth, Pop Mart also faces significant opportunities for differentiated development. Compared to international IP giants like Disney with their mature operational systems, Pop Mart demonstrates greater market agility and localization advantages. Particularly in IP development, Pop Mart has established a local designer incubation mechanism, enabling rapid responses to the evolving aesthetic preferences of China's younger consumers. Additionally, the high receptivity of Chinese consumers to new IPs creates favorable conditions for regularly launching new IPs.

2.4. Threat

The blind box economy, despite its rapid ascent in the Chinese market in recent years, may struggle to sustain its popularity over the long term. As consumer novelty diminishes, blind box toys are likely to face a decline in demand. Pop Mart's core business model heavily relies on the randomness and collectible nature of blind boxes. Should consumer interest in blind boxes wane, the company's revenue growth could be significantly impacted. Furthermore, regulatory scrutiny on random sales models is intensifying. For instance, the "Compliance Guidelines for Blind Box Business Activities" issued by the Shanghai Market Supervision Administration in January 2022 explicitly require limiting the proportion of hidden items, which will affect Pop Mart's profit model. If Pop Mart fails to adjust its product strategy in a timely manner, it may face the threat of market contraction. Concurrently, as market growth slows, the competitive landscape within the industry is deteriorating. The influx of numerous brands has led to pronounced product homogenization. Many companies are emulating Pop Mart's blind box mechanics by launching similar products, resulting in market saturation. Additionally, Pop Mart itself is at risk of over-reliance on flagship IPs such as Molly and Dimoo. Should the market appeal of these core IPs decline, and if the company fails to incubate new blockbuster IPs, its performance could experience significant volatility. Moreover, rising IP licensing costs and intensified competition for designer resources may compress profit margins, thereby undermining Pop Mart's competitive advantage.

3. Suggestions

In terms of strengthening advantages, POP MART should fully leverage its abundant IP resources, not only maintaining the existing dual-track model of "self-owned + licensed" but also focusing on the in-depth development of IP content. Although core IPs such as Molly currently enjoy high market recognition, they lack complete story backgrounds and emotional depth, which directly affects the strength of user emotional connections. This study suggests referencing Disney's IP operation experience by constructing rich backstories and worldviews for each major IP character, continuously outputting IP stories through lightweight content forms such as short videos and comics. Additionally, the operational model of Japan's Kumamon can be adopted to endow IPs with more distinctive

personality traits. In terms of co-branding collaborations, besides continuing partnerships with internationally renowned IPs like Disney, POP MART should also explore innovative integrations with local cultural elements. For instance, collaborations with culturally rich institutions such as the Palace Museum Cultural Creative and the Dunhuang Academy can be considered to develop co-branded products with Chinese characteristics. This approach can enhance the brand's cultural value and strengthen the product's differentiated competitive advantage.

Regarding the improvement of weaknesses, POP MART urgently needs to overcome the challenges of product homogeneity and weak competitive barriers. To address product homogeneity, it is recommended to establish a more comprehensive IP incubation mechanism. By setting up designer training programs and organizing original design competitions, new design talents can be continuously discovered and cultivated, ensuring the ongoing renewal and diversified development of the IP library. Simultaneously, deeper development of existing IPs should be emphasized, creating unique personality traits and story backgrounds for each IP to avoid image duplication. In building competitive barriers, besides continuing to improve the omnichannel sales network, greater attention should be paid to technological innovation. For example, AR/VR technology can be introduced to enhance the unboxing experience, develop interactive smart collectible products, or utilize blockchain technology to establish a blockchain-based digital collectible certification system. These technological innovations can increase the difficulty of imitation. Furthermore, this study recommends strengthening the membership system, enhancing user stickiness through points rewards and exclusive activities, thereby constructing more robust competitive barriers.

In seizing opportunities, POP MART needs to fully utilize the trends of new media environments and experience economy development. The rapid growth of social media provides valuable opportunities for direct interaction with users. It is advisable to enhance operations on platforms such as Xiaohongshu, Bilibili, and Douyin, encouraging user-generated content (UGC). Additionally, the optimization of offline experiences should be prioritized. Beyond the existing pop-up store activities, the establishment of permanent collectible-themed experience spaces incorporating interactive installations and immersive exhibitions can be considered, creating more attractive offline experiences.

In addressing threats, POP MART needs to proactively prepare for potential anticipated declines in consumer enthusiasm in the blind box market. On one hand, the content value of blind box products should be continuously optimized by improving design quality and increasing the cultural connotations of hidden items to maintain product appeal. On the other hand, the pace of business diversification should be accelerated to reduce reliance on blind box sales. This study suggests expanding the high-end collectible product line, developing limited-edition art collectibles to meet the needs of collectors. Simultaneously, POP MART should closely monitor changes in policies and regulations, proactively adjusting blind box sales strategies. For example, the distribution mechanism of hidden items can be optimized to increase purchase transparency, ensuring compliance. In response to the challenge of intensified market competition, it is recommended to maintain a leading edge through technological innovation and brand upgrades. Additionally, strategic acquisitions of promising emerging collectible brands can be considered to consolidate market leadership.

4. Conclusion

This study conducts a comprehensive analysis of POP MART's marketing strategies based on the SWOT model, providing a detailed examination of its strengths and weaknesses in IP operations, business models, and market positioning. The research reveals that POP MART has successfully established a closed-loop ecosystem spanning from IP creation to consumer experience through its dual-track IP strategy of "self-owned + licensed" properties, innovative blind box mechanisms, and in-depth exploration of social attributes, thereby securing a leading position in China's trendy toy market. However, limitations such as the lack of narrative depth and emotional resonance in IP development, over-reliance on blind box sales, and weak competitive barriers have constrained the

brand's long-term growth potential. In response to shifting consumer roles in the new media landscape, potential cooling risks in the blind box market, and increasingly intense homogeneous competition, POP MART urgently needs to implement strategic upgrades across multiple dimensions, including IP content enrichment, business diversification, technological empowerment, and community operations. Specifically, the company could draw inspiration from Disney's IP operation experience to construct more sophisticated character narratives and worldviews, enhance product interactivity through AR/VR technologies and digital collectibles, while expanding into the high-end collectible market to reduce dependence on the single blind box model. Furthermore, fostering deeper user engagement and transforming the brand from a mere trendy toy manufacturer to a cultural symbol creator will be crucial for POP MART's sustainable development. This study not only provides theoretical foundations for POP MART's strategic adjustments but also offers significant insights for the entire trendy toy industry on balancing short-term hit effects with long-term brand value in the IP economy era. In the future, if POP MART can effectively integrate its strengths, address its weaknesses, and seize market opportunities, it has the potential to evolve from a leader in China's trendy toy market to a globally recognized brand rooted in cultural storytelling.

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