

Study in Cost Estimation and Pricing Strategy: A Case of Pop Mart

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Abstract. Blind boxes are highly sought after among young people in today's consumer market, as they combine the satisfaction of collecting, the surprise of lucky draws, and the sense of social belonging. However, its reliance on probability and limited release mechanism has also sparked controversy over overconsumption and secondary market speculation. Therefore, this study collected a large amount of relevant information online and analyzed the data to evaluate the value of Pop Mart blind boxes. And explore the pricing strategy of Pop Mart. Research has found that Pop Mart blind boxes adopt a tiered pricing strategy, attracting widespread consumption with basic models priced between 59-99 yuan. At the same time, by creating scarcity through extremely low probability hidden products, it stimulates repeat purchases and secondary market speculation, ultimately achieving dual satisfaction of brand profits and user emotional needs. The significance of this study is to help consumers understand the business logic behind the "emotional premium" and "probability game" mechanisms, and to avoid blindly chasing hidden items and falling into irrational consumption. This can also promote transparent and compliant operations for enterprises.

Keywords: Blind box pricing, pricing strategy, rational consumption.

1. Introduction

The blind box phenomenon originated in China and gained prominence among Generation Z (born between the 1990s and 2000s) consumers [1]. A blind box is fundamentally a pre-purchase concealed product: external packaging is uniform, and the specific item inside remains unknown until opening. This model transforms the emotional engagement of young consumers into high-frequency, repeat purchases driven by uncertainty and surprise, fostering a billion-yuan market. Moreover, the blind box industry has reshaped multiple supply chains. Through probabilistic marketing and eco-friendly packaging, blind boxes have established a compliant framework for randomized sales in China.

Pop Mart holds a leading position in the global blind box industry [2]. It ranks among China's largest and most successfully internationalized trendy toy brands, having effectively introduced domestic fashion IPs to the international market.

From the perspective of contemporary young people, the values of blind box consumption have reshaped their judgment of the meaning of "spending money" [3]. For instance, the recent popularity

of the Labubu series has brought considerable enjoyment to young people. Yet, the proliferation of blind box collaborations has also led to significant price premiums. Blind boxes represent not only a benchmark for the emotional economy but also reflect issues related to addictive mechanisms, financial speculation, and gray market activities [4]. The “gambling-like” appeal and irrational consumption behavior among adolescents have attracted widespread social concern. This study seeks to provide a clear understanding of Pop Mart’s pricing mechanisms, which is essential for promoting healthy consumer behavior and market sustainability.

2. Company profile

Pop Mart is a globally leading trend culture and entertainment company founded in 2010 and listed on the Hong Kong Stock Exchange in 2020 [5]. It is a trendy culture and entertainment company with global influence. Pop Mart is committed to building a new generation of world-class consumer brands and steadfastly advancing its group and internationalization strategies. It covers the entire industry chain from design and development to global sales through incubating and operating diversified IP matrices such as LABUBU, MOLLY, SKULLPANDA, etc [6]. Pop Mart excavates global artists and designers and creates multiple popular fashion culture IPs through a mature operational system [7]. Pop Mart also actively fulfills its social responsibility and pays attention to public welfare undertakings. And launch related products to call on the public to pay attention to children's mental health and art education. Overall, Pop Mart relies on its strong IP creation and operation capabilities as its core. Through a unique blind box business model and active global layout, pop mart has successfully transformed itself from a fashion grocery store to a leading global fashion, culture, and entertainment company [8].

3. Analysis

3.1. Market analysis and pricing research

The blind box economy, as an emerging consumption model, has rapidly emerged in the Chinese market and developed into a new consumer infrastructure with a scale of billions [9]. From the perspective of market structure, the blind box market is undergoing significant differentiation and transformation [10]. Table 1 below shows the main product categories and characteristics of the blind box market in China.

Table 1. Main product categories and characteristics of blind box market in China

Product Category	Price Range (Yuan)	Growth Rate (%)	Primary Consumer Group
Traditional Trendy Toy Blind Boxes	59 - 99	15	Primarily Female
Educational Blind Boxes	129 - 299	40	Student Parents
Wellness Blind Boexs	199 - 399	40	White – collar Group
Light Luxury Blind Boexs	300 - 500	35	High – income Group
Collector – grade Blind Boxes	500+	25	Collectors & Enthusiasts

The core consumer group of blind boxes in China continues to expand. As age increases, consumers of collectible toys purchase more diverse categories and have stronger purchasing power [11]. Generation Z (born in the 1990s and 2000s) is the main force of blind box consumption, while students and young white-collar workers are the main consumer groups [12]. Consumers' price

sensitivity towards blind box products shows significant category and demographic differences. From Table 2, it can be seen that consumers' price sensitivity towards blind box products shows significant category and demographic differences.

Table 2. Characteristics of fee groups and willingness to pay

Consumer Group	Age Range	Annual Spend (Yuan)	Price Sensitivity	Preferred Product Types
Student Group	15-22	800-1200	High	Low-price blind boxes, Anime IP
Young White-collar	23-30	2200-3500	Medium	Mid-priced blind boxes, Designer IP
Senior Players	31-40	5000+	Low	High-end blind boxes, Collector editions
Parent Group	35-45	1500-2500	Medium	Educational blind boxes, Traditional culture IP
High-Income Collectors	40+	10000+	Very Low	Limited editions, Value-appreciation potential items

3.2. Data collection and cost estimation

This study obtained cost data on raw materials, production, packaging, logistics, etc. from Pop Mart's publicly available financial reports (such as annual reports and prospectuses) and industry reports (such as toy manufacturing and blind box market analysis) on the average production cost and supply chain cost of blind boxes [13-14]. So, by searching for data, this paper can analyze the cost structure of Pop Mart blind boxes. On the one hand, variable costs refer to cost elements that change correspondingly with increasing production. According to public information, the variable costs of Pop Mart blind box products mainly include raw material costs, IP authorization and design fees, production costs, logistics and transportation costs, and platform commissions. On the other hand, fixed costs are relatively stable cost elements that enterprises need to pay for in their operations, which do not significantly change with changes in product output. The fixed costs of Pop Mart mainly include rental costs, labor costs, depreciation and amortization, marketing expenses, research and development and management expenses. The relevant cost data for Pop Mart are shown in Table 3 and Table 4 below.

Table 3. Pop Mart blind box variable cost composition

Cost Item	Cost Amount (Yuan)	Proportion (%)	Fluctuation Range
Product Material Cost	12.5	19.2%	10.0 – 15.0
Packaging Material Cost	3.25	5.0%	2.5 – 4.0
IP Licensing & Design Fee	9.75	15.0%	7.8 – 11.7
Production Cost (Outsourced)	8.15	12.5%	6.5 – 9.8
Logistics & Shipping Fees	4.0	6.2%	3.0 – 5.0
Total Variable Cost	37.65	57.9%	29.8 – 45.5

Table 4. Estimation of fixed cost composition for Pop Mart

Cost Item	Cost Amount (Billion Yuan)	Proportion (%)
Rental Cost	8.4 – 12.0	6.1 – 8.6
Labor Cost	14.8 – 17.6	10.7 – 12.7
Deoreciation & Amortization	1.1 – 1.5	0.8 – 1.1
Marketing Expenses	13.9 – 20.8	10.0 – 15.0
R & D Expenses	6.9 – 11.1	5.0 – 8.0
Total Fixed Costs	45.1 – 63.0	32.5 – 45.4

According to Pop Mart's H1 2025 financial report, its total fixed costs for the first half of the year were approximately 4.51-6.3 billion yuan. To simplify profit calculation, this article needs to calculate the fixed cost that each blind box should bear. In the first half of 2025, Pop Mart's total revenue was 13.876 billion yuan. Based on an average price of 65 yuan, approximately 213.4 million blind boxes were sold. Therefore, the fixed cost shared by each blind box = total fixed cost/sales volume = (4.51-6.3 billion yuan) / 213.4 million pieces \approx 21.1-29.5 yuan/piece. Take the median of 25.3 yuan as a reference for subsequent calculations.

3.3. Pricing strategy and profit calculation

Firstly, this study analyzes two pricing methods. The first method is the cost-plus method: the cost-plus method determines the price by adding the target profit margin to the total cost. The overall gross profit margin of Pop Mart in H1 2025 is 70.3%, which this paper uses as a reference for our high-end target [15]. The calculation formula is price = unit total cost / (1 - target gross profit margin). Unit total cost = Unit variable cost + Unit fixed cost = 37.65 + 25.3 = 62.95 yuan. Based on this calculation, if the target gross profit margin is 60%, the price is 62.95 / (1 - 0.6) = 157.4 yuan. If the target gross profit margin is 70%, the pricing is 62.95 / (1 - 0.7) = 209.8 yuan. However, the price calculated by this method is much higher than the actual market selling price. This indicates that the cost-plus method is not suitable for IP driven, fixed cost pre-positioned business models like Pop Mart. The core logic is not based on cost pricing, but on creating a premium based on IP value, thereby diluting high fixed costs.

The second method is market benchmarking: Pop Mart actually uses the value pricing method, which is based on in-depth market benchmarking and insights into consumer willingness to pay. Firstly, for competitors, mainstream trendy blind boxes (such as 52TOYS and Ruolai) are priced between 59-69 yuan [16]. As a leading brand, Pop Mart has a certain pricing advantage. Secondly, for consumer psychology and willingness to pay, the price range of 59-69 yuan precisely anchors the "impulse consumption threshold" for Generation Z and young white-collar workers [17]. This price should be seen as an affordable small purchase that can bring immediate happiness and social currency. In the end, based on brand premium and market dominance, the standard blind box pricing of Pop Mart was ultimately set at 59 yuan (promotional), 69 yuan (regular), and 99 yuan (large/special). This pricing strategy not only covers variable costs but also pursues economies of scale to dilute fixed costs. But it is worth mentioning that it is necessary to monitor the impact of declining IP popularity or rising supply chain costs on profits.

Secondly, this paper calculates the profit based on the regular price of 69 yuan. The known selling price (P) is 69 yuan, the unit variable cost (VC) is 37.65 yuan (taking the median), and the contribution margin per unit is:

$CM=P - VC=69-37.65=31.35$ -yuan, contribution gross profit margin= $31.35/69 \approx 45.4\%$ *, unit fixed cost (FC): 25.3 yuan (median), operating profit per unit: Profit= $CM - FC=31.35-25.3=6.05$ -yuan, operating profit margin $\approx 8.8\%$. From this, it can be concluded that for every blind box sold for 69-yuan, Pop Mart can generate a gross profit contribution of 31.35 yuan to cover fixed costs after covering all variable costs. The final operating profit was approximately 6.05 yuan. The high fixed costs are the reason why its unit net profit margin appears to be low, highlighting the characteristics of its scale driven business model - it must sell a sufficient quantity to achieve overall profitability [11].

Figure 1 clearly demonstrates the strong driving effect of sales growth on profits. As sales crossed the breakeven point, total profits began to grow rapidly. This indicates that Pop Mart's business model is extremely sensitive to economies of scale, and continuously expanding its sales scale is the core key to its profitability (See Table 5).

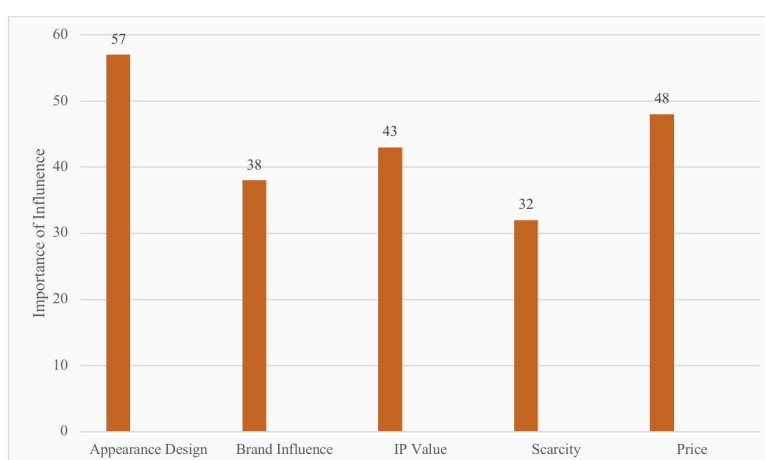


Figure 1. Distribution of Chinese collectible toy consumers' purchase decision factor (%)

Table 5. Scenario analysis of pricing and profit calculation for Pop Mart blind box

Scenario	Price (Yuan)	Volume (10k boxes)	Variable Cost (Yuan)	Fixed Cost (Billion Yuan)	Total Profit (Billion Yuan)	Profit Margin	Description
Base Case	69	21,340	37.65	54.05	12.91	8.8%	Based on 2025 H1 actual data
Pessimistic Case	69	15,000	39.0	54.05	0.98	0.9%	Volume decline, cost increase
Optimistic Case	69	25,000	36.5	54.05	25.95	15.0%	Volume growth, cost control
Price Increase Scenario	79	19,000	37.65	54.05	29.16	19.4%	Price increase, slight volume drop
Price Reduction Promotion	59	23,500	37.65	54.05	3.27	2.4%	Volume for price trade-off, profit decline

4. Suggestions

Pop Mart has gained tremendous market attention and commercial success through its unique "blind box" model and successful IP operation [14]. But its pricing strategy, especially during the boom,

also exposed some problems. Firstly, Pop Mart often adopts a limited release and low probability hidden model mechanism [18]. Although this creates scarcity, it also leads to the proliferation of scalpers. This makes it difficult for many ordinary consumers who genuinely like to purchase at the original price, which damages the consumer experience and brand goodwill. Secondly, there is a disconnect between pricing and perceived value. The pricing of some new products from Pop Mart is considered high by many consumers [19]. People feel that the material, craftsmanship, and price of the product do not match well. In order to balance short-term market heat with long-term brand health, Pop Mart should take some contingency measures. Firstly, based on pre-sale data and market heat, this study can plan production capacity more accurately and replenish popular products on a large scale to meet the real needs of consumers. Secondly, increase communication on price reasonableness. For example, more transparently conveying the stories behind product design, craftsmanship, and IP value. This helps consumers understand the pricing basis. Alternatively, implementing tiered pricing and developing more refined price gradients for products of different series, sizes, and process complexities to make prices closer to the perceived value of consumers. The key challenge for Pop Mart at present is to reshape its sense of value. Fair purchasing opportunities and sincere emotional connections between brands and users are particularly important [20].

5. Conclusion

The pricing pattern of Pop Mart blind boxes is one of the cores of its business model. It covers people with different consumption abilities through tiered pricing. Stimulate repeat purchases with hidden items and probability, increase premiums through co-branding and limited editions, and make consumers pay for emotional value and social experience. The basic model of Pop Mart blind box is usually set in the range of 59 yuan to 99 yuan. The core hidden model, although priced the same as the base model, artificially creates scarcity through extremely low extraction probability (such as 1:144), thereby stimulating consumers' desire to collect and repeat purchasing behavior. On top of this, Pop Mart also enhances its added value through limited edition co-branded products (99-299 yuan) and cooperative IPs and explores the price ceiling of art collectibles through high-end limited-edition products (such as the Mega Collection series, priced at 699 yuan or more), establishing its brand image.

This study provides a reasonable valuation of Pop Mart blind boxes and further explores and analyzes Pop Mart's pricing strategy. Pop Mart's pricing strategy is a double-edged sword: it leverages human desire for surprises and collectibles to create significant commercial and cultural value, bringing joy and social connections. However, due to the reliance on probability and scarcity mechanisms, irrational consumption has been encouraged, and social controversies have arisen. This study reminds people that while enjoying the pleasure of consumption, they also need to maintain a clear self-awareness and rational concept of consumption. Finally, this study mainly focuses on in-depth investigation of Pop Mart Company, but there is still a lack of comparison with other companies in the industry. In future research, further in-depth investigation of this industry can be conducted to increase comparisons and obtain more accurate general patterns.

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