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IP Ecosystem-Driven Value Creation in China's Designer Toy Industry: A Case Study of Pop Mart

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Abstract. China's designer toy industry has shifted from a niche subculture to a visible sector of cultural consumption. Unlike traditional toys, designer toys combine artistic design, emotional experience, symbolic identity and collectible scarcity. This paper examines how the industry creates value and how this value can be sustained, using Pop Mart and the Labubu-related IP boom as the main case. It adopts a qualitative case-study approach based on academic literature, public company information, regulatory documents and secondary industry materials. The analysis focuses on three questions: how consumer demand transforms manufactured objects into cultural and emotional goods; how Pop Mart converts IP assets into commercial growth through blind boxes, channels, communities and globalization; and what risks may threaten the long-term development of this model. The paper finds that value creation in designer toys depends less on manufacturing itself than on an IP ecosystem that links artists, products, retail spaces, online platforms, resale markets and fan communities. However, blind-box uncertainty, speculative resale, dependence on hit IPs, product homogenization and cross-cultural expansion risks can weaken sustainability. Future growth should shift from hit-driven sales to transparent operations, diversified IP, responsible consumer protection, and sustainable innovation.

Keywords: Designer Toys, Blind Boxes, IP Ecosystem, Emotional Consumption, Pop Mart

1. Introduction

In China, the designer toy market has become one of the most dynamic segments of the expanding cultural consumption sector. According to Xinhua News Agency, the market was valued at roughly RMB60 billion in 2023 and is projected to reach RMB110.1 billion by 2026, with an annual growth rate exceeding 20 percent [1]. This growth indicates that designer toys transcend children's products, serving as cultural artifacts, emblematic items, and affectively significant commodities. More broadly, consumer research has long recognized that consumption encompasses not only functional decision-making but also fantasy, emotion, and pleasure [2]. Designer toys fit this logic because buyers often purchase an aesthetic character, a sense of surprise and membership in a taste community. From Bourdieu's perspective, such objects can serve as symbolic resources for expressing cultural distinction and personal style [3]. Existing studies have explored experiential marketing, brand equity and online communities. However, the designer toy industry still lacks a

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clear account of how consumer emotions, IP operation, scarcity signals, resale expectations and social media jointly generate value. This paper examines Pop Mart, the most prominent Chinese designer toy company, while the global success of Labubu, a character within Pop Mart's The Monsters IP series, underscores the visibility of its "blind box + IP ecosystem" model. It also investigates how designer toys generate value distinct from traditional toys, how Pop Mart integrates IP development, product design, distribution channels, and consumer communities into a scalable business model, and the risks that must be managed to ensure sustainable, rather than short-term, hype-driven growth.

2. Literature review and analytical framework

Existing studies indicate that value creation in the designer toy industry emerges from the interaction of experiential consumption, symbolic meaning, brand-based assets, community dynamics and co-creative consumer engagement. In this context, designer toys are not only functional goods but also culturally embedded objects whose value is produced through experience, symbolism and participation.

Based on the value generated through experiential consumption, social engagement further amplifies the impact of designer toys. Firms generate consumer value not merely through functional attributes, but by facilitating meaningful sensory, emotional, and social experiences [4]. Activities like unboxing and collecting enrich the consumption experience, while iconic characters such as Molly, Skullpanda, Dimoo, and Labubu serve as brand assets imbued with personality and emotional significance [5]. In addition, the social interaction adds another dimension to designer toys. Brand communities and tribal marketing show that shared identities and interactions turn personal purchases into group experiences [6, 7]. Meanwhile, co-creation theory emphasizes that consumers actively shape value through feedback, content sharing, and collaboration [8]. Methodologically, netnography studies these online interactions and the meanings consumers attach to products [9]. Building on this, social engagement often extends beyond individual consumption. Media convergence and participatory culture allow designer toy IPs to appear in exhibitions, games, short videos, and theme parks, thus boosting brand visibility and cultural impact [10]. At the same time, commercialization raises ethical and regulatory concerns. Blind boxes, for instance, resemble gambling-like goods because consumers pay for randomized outcomes that may have resale value [11]. Research on Pop Mart shows that its competitive advantage lies in strategic IP management rather than mere manufacturing. In contrast, studies on Labubu highlight sustainability, consumer culture, and IP lifecycle management [12, 13]. In combination, these factors position designer toys as cultural-financial objects characterized by emotional value, community meaning, and market tradability.

3. Methodology

This paper adopts a qualitative single-case study with Pop Mart as the core case and Labubu/The Monsters as an embedded IP case. The case-study design is appropriate because Pop Mart's business model cannot be fully explained by one financial indicator or one marketing theory. Its value creation involves consumer emotion, IP incubation, channel design, community interaction, scarcity management and global expansion. A qualitative case study allows these mechanisms to be examined together rather than separated into isolated variables.

The case is selected for three reasons. First, Pop Mart is a leading company in China's designer toy industry and provides relatively complete public data through annual results announcements.

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Second, the company has moved from retail distribution to IP platform operation, which makes it suitable for examining ecosystem-based value creation. Third, the rapid growth of Labubu/The Monsters provides a visible example of how one character IP can become a commercial engine, while also creating concentration and sustainability risks.

The study uses a layered data strategy. The first layer is academic literature on experiential consumption, brand equity, communities, co-creation, netnography and blind-box regulation. The second layer is official corporate information, especially Pop Mart's annual results announcements, which provide data on revenue, IP portfolios, channels, product categories and regional expansion. The third layer is public regulatory and secondary industry material, including reports on the designer toy market, blind-box governance and Labubu-related global attention. The author's previous industry research notes are used only as background knowledge for understanding industry terms and development stages; they are not treated as primary evidence.

Table 1. Data sources and analytical use

Source type	Examples	Use in analysis
Academic literature	Experiential consumption, brand equity, brand community, co-creation and blind-box regulation	Builds the analytical framework for emotional value, symbolic value and community participation
Official corporate data	Pop Mart annual results announcements and revenue breakdowns by IP, channel, product type and region	Tests whether IP platformization is reflected in measurable business performance
Regulatory and industry material	Blind-box regulatory documents, Xinhua and industry reports, public news on Labubu and global expansion	Connects firm-level evidence with industry growth, consumer protection and globalization risks

The analysis follows a structured qualitative logic. First, it identifies the value-creation mechanism from the literature: emotional experience, symbolic identity, community participation, uncertainty and scarcity. Second, it maps these mechanisms onto Pop Mart's business model by examining IP revenue, channel structure, product-category extension and regional expansion. Third, it interprets how post-purchase behavior, including social media sharing and resale-market signals, feeds back into IP operation. Finally, the discussion links each major risk to its mechanism and proposes corresponding governance paths. The paper does not use a questionnaire survey, interview data or regression model. Its advantage is that it can connect cultural theory with business evidence in a fast-changing industry where consumer meaning is difficult to capture through one static dataset. Its limitation is that the findings are interpretive and rely mainly on public information. Future research could strengthen the conclusions through interviews, consumer surveys, platform-level social-media text analysis or resale transaction data.

4. Results: mechanisms of IP-driven value creation in China's designer toy industry

The results outline a sequential mechanism from consumer demand to IP asset formation, value-chain operation, scarcity-driven resale, and globalization, with each stage reinforcing the next, as shown in Table 2.

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Table 2. Selected data indicators

Indicator	Data	Analytical meaning
China designer toy market	RMB60 billion in 2023; projected RMB110.1 billion by 2026 [1]	Shows the movement from niche subculture to mainstream cultural consumption
Pop Mart total revenue	RMB13.04 billion in 2024 to RMB37.12 billion in 2025; +184.7% [14]	Shows the scalability of the IP-platform model
Proprietary and artist IPs	Proprietary products: 99.1% of revenue; artist IPs: 90.0% of revenue in 2025 [14]	Shows that value is concentrated in IP operation rather than simple distribution
THE MONSTERS	RMB14.16 billion in 2025; 38.1% of revenue; +365.7% year on year [14]	Shows the power of hit IP, but also indicates concentration risk
Plush products	RMB18.71 billion in 2025; 50.4% of revenue; +560.6% year on year [14]	Shows category extension from figures to portable and daily-use emotional goods
Overseas regions	Asia Pacific RMB8.01 billion; Americas RMB6.81 billion; Europe and other regions RMB1.45 billion in 2025 [14]	Shows that the IP ecosystem is being extended globally

4.1. Consumer demand and category differentiation

Driven by consumers' desire for emotional companionship, aesthetic display, and identity expression, designer toys differ from traditional toys, whose value is no longer based on play functionality. In this context, many consumers, primarily adults and urban youth, engage with designer toys as symbols of taste, displaying them in spaces, carrying them as accessories, and sharing them via social media.

This demand-driven behavior forms the foundation of an IP ecosystem. By understanding consumer motivations, firms can translate emotional and identity-based engagement into scalable character IPs and interconnected product systems. For instance, art toys satisfy the desire for aesthetic differentiation and limited-edition ownership, IP-based collectibles enable narratives and community engagement, and interactive digital toys facilitate platform-based participation and identity construction. These varied patterns of demand position designer toys at the intersection of art, entertainment, retail, and digital culture. In the case of Pop Mart, consumer preferences directly shape its multi-IP portfolio, generating a continuous flow of engagement that sustains ecosystem development. Signals of emotional, aesthetic, and identity-driven consumption guide the creation of new IPs, support product diversification, and strengthen brand equity, ensuring that consumer demand is embedded at the operational core of the IP ecosystem [1].

4.2. IP asset formation and brand equity construction

IP-driven value creation generates measurable brand value via the development of a diverse character portfolio. According to Pop Mart's 2025 data, 17 artist IPs each generated over RMB 100 million in revenue. Among them, The Monsters alone contributed RMB 14.16 billion, accounting for 38.1% of total revenue. In contrast, other IPs such as Skullpanda, Crybaby, Molly, Dimoo, Twinkle Twinkle, and Hirono generated revenues ranging from RMB 1.74 billion to RMB 3.54 billion [14]. This distribution highlights the importance of cultivating multiple IPs rather than relying on a single hit product.These IPs gain value through repeated consumer engagement with blind boxes, plush accessories, exhibitions, online content, and retail experiences. Each interaction reinforces cognitive and emotional bonds, allowing the IP to become firmly embedded in consumer

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culture. In addition, the interactions provide continuous feedback to Pop Mart, guiding subsequent product releases, collaborations, and marketing strategies. In this way, consumer engagement is not only a measure of popularity but an operational input that shapes the IP ecosystem. By turning attention and emotion into repeatable, monetizable experiences, the IP portfolio becomes a dynamic asset. This shows co-creation: consumers shape IP value through unboxing videos and social media, not just passive consumption. Characters accumulate social visibility, facilitate secondary-market activity, and enable cross-category extensions, illustrating how Pop Mart transforms individual consumer behaviors into structured ecosystem value [14].

4.3. Circular value flow and ecosystem feedback

The IP-driven value creation also relies on a circular value flow mechanism, where consumer behavior continuously influences and strengthens the IP ecosystem. Unlike a linear value chain that ends with sales, Pop Mart's model captures downstream response behaviors, such as purchases, unboxing, social media sharing, as well as secondary market transactions, and feeds these signals back to the upstream decision-making process. These signals create a feedback loop that sustains and expands ecosystem value by steering IP design, product development, marketing, and partnerships.

Pop Mart's multi-channel network illustrates this mechanism. Physical touchpoints, like brick-and-mortar stores and Roboshops, allow consumers to experience displays firsthand, participate in activities, and engage with the brand environment. Moreover, the online platforms track user attention, interaction behavior, purchase patterns, and traffic conversion. Every consumer action, whether adding items to a wishlist, sharing unboxing videos, or participating in the secondary market, becomes quantifiable input data for future IP operations. In 2025, retail store revenue in China increased from RMB 4.6 billion to RMB 10.08 billion, Roboshop revenue rose from RMB 750.8 million to RMB 1.35 billion, and online revenue grew from RMB 2.75 billion to RMB 8.52 billion [14]. This reflects market growth and also shows an enhanced ecosystem feedback. By integrating signals from these multiple channels, Pop Mart transforms individual consumer behaviors into actionable insights, strengthens brand value, and guides the expansion of intellectual property assets. Each interaction drives the evolution of the IP ecosystem. This circular flow embodies brand community logic: consumers participate in collective identity through shared collecting and display practices, not just individual purchases.

4.4. Scarcity dynamics and value enhancement

Another important mechanism of IP-driven value creation is the blind box system, which enhances the liquidity of IP assets and boosts consumer engagement by introducing uncertainty and controlling scarcity. It transforms consumer behavior from a choice based on practical value to a decision based on probabilistic outcomes, allowing consumers to experience uncertainty during the purchasing process. They not only interact with the product itself but may also have the opportunity to complete a series of collections or obtain rare versions. This mechanism increases the motivation for repeat purchases, as consumers will rationally respond to incomplete collections and the constantly changing product lineup.

Moreover, scarcity further shapes value differentiation within the same IP series. Though production costs are similar, standard, limited, and special edition characters are assigned different market values. In Pop Mart ecosystem, this mechanism appears to boost the liquidity of IP assets, as media reports and collector forums suggest that secondary market pricing and trading activity can

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elevate characters into tradable cultural assets. The Monsters series particularly illustrates this dynamic: limited supply, combined with strong visual recognition and sustained consumer demand, not only boosts primary market sales but also raises valuations in the secondary market, thereby reinforcing the economic visibility of the IP [14]. Through this mechanism, scarcity is no longer merely a psychological trigger but serves as an operational tool that facilitates the circulation of IP between primary and secondary markets. However, its effectiveness relies on balancing controlled rarity with predictable supply, as too many reissues or perceived scarcity manipulation can weaken trust and destabilize the ecosystem.

4.5. Globalization and IP ecosystem expansion

Through globalization, a key extension of Pop Mart's IP ecosystem, visually distinctive characters can achieve cross-cultural dissemination and localized reinterpretation. The portability of IP imagery stems from highly recognizable forms, facial expressions, and collectible formats such as plush toys, allowing characters like The Monsters to be understood without language barriers. This enables consumers from different cultural backgrounds to attribute local meanings while maintaining core brand recognition. The combination of visual clarity and interpretive flexibility lays the foundation for building a cross-market ecosystem.

This ecosystem extension is reflected in Pop Mart's 2025 overseas performance, where revenue reached RMB8.01 billion in Asia Pacific, RMB6.81 billion in the Americas, and RMB1.45 billion in Europe and other regions, with the latter two regions recording growth rates of 748.4% and 506.3% respectively [14]. These data not only reflect geographical expansion, but indicate that the consumption system centered on intellectual property is extending in heterogeneous markets, where retail stores, online platforms, exhibitions, and local activities jointly build a continuous user participation cycle in different cultural contexts. At the operational level, the construction of the global ecosystem relies on the synergy of local retail strategies, supply chain stability, anti-counterfeiting systems, and culturally adapted narratives. These adjustments ensure that the IP recognition can be continuously maintained and deepened after entering new markets, enabling the Pop Mart role system to gradually evolve into a continuously integrated global ecosystem rather than a collection of disconnected regional markets [14].

5. Discussion: challenges and sustainable development paths

At a strategic turning point, China's designer toy industry is experiencing IP-driven growth alongside structural risks. In particular, blockbuster IPs create a concentration risk. Emotional consumption naturally focuses on a few highly recognizable characters. While a hit IP can drive rapid growth, it also heightens volatility and vulnerability to aesthetic fatigue, negative publicity, or counterfeit activity. For example, The Monsters accounted for 38.1% of Pop Mart's 2025 revenue [14]. This highlights that sustainable IP management requires balancing portfolios, renewing legacy characters through narrative and collaboration, and evaluating value beyond short-term sales by considering repeat engagement, fan creativity, and cultural resonance.

In addition, there are consumer protection issues in the blind box business. Uncertainty and scarcity can encourage consumer engagement but may also trigger irrational buying and feelings of unfairness, especially among minors. Rules focus on transparency, age limits, and clear purchase guidelines [15]. Enterprises can turn compliance into a strategic advantage by ensuring visible probabilities, purchase limits, anti-bullying measures, and predictable release schedules, thereby enhancing trust and reducing reputational risks. Meanwhile, the resale market adds a financial

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aspect. While media reports suggest that resales can raise IP visibility and indicate popularity, excessive speculation can erode cultural and emotional value. Governance measures include favoring collectible marketplaces over speculation, improving authenticity checks, limiting bulk purchases, and boosting IP value through rich narratives and community engagement.

At a broader level, global expansion requires linking cultural adaptation with sustainable innovation. Visual IPs facilitate cross-border dissemination, but local interpretations, retail habits, and platform ecosystems influence their acceptance. Growth strategies should combine localized retail experiences, narrative expression, and community engagement with the core IP's consistency. Digital design tools and AI-assisted prototyping can enhance fan participation, while eco-friendly materials, packaging, and recycling initiatives address sustainability concerns. Pop Mart has already launched efforts in supply chain digitization and the use of green materials, indicating that designer toys have the potential to evolve from trend-driven products into a responsible cultural industry.

6. Conclusion

This paper explores the value-creation mechanism and sustainable development of China's designer toy industry through the case of Pop Mart. The findings show that designer toys generate value through an integrated IP ecosystem in which consumer demand, emotional attachment, channel interaction, scarcity mechanisms, and global expansion mutually reinforce each other. Value is no longer driven solely by production, but emerges from continuous interaction between consumers and IP assets, transforming toys into both cultural symbols and tradable collectibles. At the same time, this model introduces structural risks, including dependence on hit IPs, consumer protection issues in blind-box systems, speculative behavior in resale markets, and challenges in global cultural adaptation. Sustainable development therefore requires diversified IP portfolios, transparent mechanisms, stronger content development, responsible consumption safeguards, and localized global strategies. This study relies on publicly available corporate disclosures, academic literature, and industry reports, which limits direct analysis of consumer behavior and platform-level transactions.

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