Proceedings of ICEMGD 2026 Symposium: The Role of Blue Economy in Promoting Human Sustainable Development
DOI: 10.54254/2754-1169/2026.GT35892

The Commercial Value of Enterprise Centered on Trendy Brand Culture—A Case Study of Pop Mart

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Abstract. Pop Mart has a substantial research value during the growth of China's trendy toy sector. This paper uses Pop Mart in China as a case study to investigate how its commercial value is formed from the viewpoints of venture capital valuation logic, consumer behavior traits, and culture-driven consumption. The results show that Pop Mart uses the blind box model and intellectual property monetization to turn creative and cultural content into sustainable consumer goods. This mechanism creates steady recurring purchase and collection behaviors in China's Generation Z dominated consumption structure by stimulating emotional consumption and identity recognition requirements.In the meantime, user engagement and brand influence are further improved by social communication effects. From a capital market perspective, the company is highly attractive to venture capital due to its scalable business model and early-stage high growth potential, which raise investors' expectations of future exit value. In general, the combination of capital market expectations, emotional consumption structure, and intellectual property commercialization drives Pop Mart's commercial worth. These results offer a more profound comprehension of how businesses focused on trendy brand culture create economic value.

Keywords: Pop Mart, trendy toy industry, emotional consumption, venture capital valuation

1. Introduction

With the rise of Generation Z consumers and the continuous upgrading of China's consumption structure, consumption subcultures centered around specific products and the value concepts represented by brands have developed rapidly in the Chinese market. One common category of subcultural consumer goods is trendy toys, which Pop Mart represents. These art toys, which were made by trend designers and artists, have profited from the creation of new consuming sectors, allowing the industry to achieve leapfrog growth and showcasing its significant expansion potential.Those born between 1995 and 2005 are referred to as Generation Z. The key target of the fashionable toy subculture is this generation, which emphasises emotional value, demonstrates interest-driven consumption behaviour, and is very passionate about community-based and niche cultural circles.

Pop Mart has substantial research value during the growth of China's trendy toy sector. Established in 2010, Pop Mart had, by the first half of 2025, opened more than 550 offline locations

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and operated over 2,500 Robo Shops worldwide. The company has reached customers in over 90 countries and regions through a variety of cross-border e-commerce channels. In terms of finances, the company's operating revenue grew from RMB 88 million in 2016 to RMB 6.301 billion in 2023,more than a seventyfold increase in just seven years,allowing it to transition from a start-up business to a world-renowned cultural and entertainment conglomerate.

In view of this industry context, this report offers capital market investors a useful case study in addition to forward-looking insights into the trendy toy sector. In particular, it examines the main forces behind Pop Mart's rapid expansion and examines the reasons why early investors were able to identify the company's commercial worth. The paper summarises the development patterns of the trendy toy sector while elucidating Pop Mart's business logic and primary sources of value.

2. Company background

Pop Mart was founded in 2010 and is headquartered in Beijing. It is one of the representative enterprises in China's trendy toy industry. The company was founded by Wang Ning and initially operated as a retail platform for trendy and creative products targeting young consumers. With the development of China's consumer market and the increasing demand for personalization among younger generations, Pop Mart gradually adjusted its strategic focus. It transformed from a traditional retail business into a trendy toy company centered on Intellectual Property (IP) operation and trend culture consumption. Through the integration of IP development, product design, and multi-channel sales, Pop Mart has built a business model that emphasizes both commercial value and emotional experience in consumption [1].

Pop Mart's growth may be loosely categorised into three stages based on the company's development history. The entrepreneurial exploration phase (2010–2015) was the initial phase. At this point, the company focuses on its creative retail business, progressively establishes a market base through physical locations, and starts to establish early brand recognition. Pop Mart has progressively gained the interest of younger consumers by carefully choosing fashionable and innovative consumer goods. It has also first amassed customer resources and retail operation experience. In the meantime, the company's future business transformation and business model update benefited greatly from the retail operation practices during this time. As can be seen in Table 1.

The second stage was the period of business transformation and rapid growth (2015-2019). The company steadily reduced the size of its old department store operation and refocused on the trendy toy industry after seizing the development chances in the domestic trendy toy market. By introducing popular ips such as MOLLY and innovatively adopting the blind box sales model, Pop Mart successfully stimulated consumers' collection desire and repeat purchase behavior, achieving rapid growth in performance [2].

The third stage is the period of capital expansion and globalization development (from 2020 to the present). Pop Mart expanded internationally by strengthening its capital basis after becoming public on the Hong Kong Stock Exchange in 2020. The corporation expanded its global strategic architecture progressively and increased its overseas market penetration with improved organisational capabilities and resources. In this process, Pop Mart relied on its IP-driven business model to promote brand internationalization and strengthen its presence in global markets, transforming from a domestic trendy toy enterprise into an internationally expanding cultural brand [3].

From the perspective of industry attributes, the trendy toy industry to which Pop Mart belongs is an important part of the cultural and creative industry. This industry integrates multiple fields such

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as art design, cultural creativity, brand operation and retail consumption, and possesses both cultural and commercial value. As the Generation Z consumer group gradually becomes the main force in the market, consumers' demands for personalized expression, emotional identification and social attributes are constantly increasing. Trendy toys have evolved from traditional toy products into consumption carriers that integrate collection, social interaction and cultural identification functions . Against this market backdrop, the Chinese trendy toy industry has maintained a rapid growth trend. Meanwhile, Pop Mart has gradually grown into a leading enterprise in the domestic trendy toy industry, thanks to its mature IP operation system, innovative marketing model and strong brand influence.

Table 1. The phased development of Pop Mart's IP driven by commercialization

Period	Main content
First stage（2010-2015)	This stage focused on establishing retail operations and building early brand awareness through offline store expansion.
Second stage (2015-2019)	Achieve transformation and rapid growth towards the trendy toy business through IP and blind box models.
Third stage (from 2020 to the present)	Accelerate global expansion and achieve brand internationalization transformation through IP-driven approaches.

In terms of capital development, Pop Mart received support from well-known investment institutions such as Qifu Capital and Sequoia Capital China Fund before its listing, providing financial guarantees for the company's expansion, brand building and supply chain improvement. After completing its initial public offering (IPO) in 2020, the company further enhanced its capital strength, providing significant support for its global layout, IP ecosystem construction, and the implementation of its long-term development strategy. It also marks that the enterprise has officially entered the development stage of the public capital market

3. Consumer behavior analysis

The core consumer group of Pop Mart is mainly Generation Z. This group has grown up in an environment where digital media and social networks are highly developed. Their consumption behavior is not only driven by functional needs but also emphasizes emotional experience, identity expression and social interaction. Relevant research indicates that the rise of the blind box economy essentially aligns with the consumption characteristics of Generation Z, where "experience takes precedence over function", gradually shifting consumption behavior from material acquisition to emotional satisfaction and cultural identity construction [4].

Firstly, from the perspective of the consumption characteristics of Generation Z, this group has obvious personalized and emotion-oriented features. They are more inclined to pay for interests, aesthetics and emotional value rather than just product functions. In blind box consumption scenarios, consumers often do not purchase products based on rational needs but are driven by the psychological stimulation brought about by "unknown outcomes". This uncertainty mechanism significantly enhances the purchase intention Therefore, Pop Mart has precisely matched the consumption psychological foundation of Generation Z through the IP+ blind box model [4].

This led to the further evolution of purchasing behaviour into typical emotional consumption. According to research, consumers' emotional experiences are consistently enhanced when they open blind boxes because of the anticipation, surprise, and instant feedback mechanism [5]. As a result,

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the consumption behaviour itself is a process of emotional release. In other words, people buy "emotional fluctuation experiences" in addition to toys. Pop Mart products are consistently appealing and greatly increase user stickiness due to this consumption rationale focused on emotional value.

Looking further, Pop Mart has built a stable collection culture system through a series of IPs such as Molly and Labubu. Consumers often exhibit a behavioral tendency to "collect the entire set" during the purchasing process, and this behavior is essentially a collective-driven mechanism. Relevant research on the Pop Mart Labubu product premium phenomenon suggests that scarcity design and serialized product structures are key drivers of consumers' completion desire and perceived value [6]. These mechanisms increase consumers' needs for purity and possessiveness, which encourages recurring purchases. As a result, gathering behaviour enhances both the frequency of single consumption and the users' lifetime value.

In the meanwhile, Pop Mart's purchasing habits have a strong social communication component. Customers frequently post "box opening results" and concealed item displays on social media. This behaviour serves as a means of expressing their social identity in addition to disseminating information. According to research, blind box consumption will create a display, imitation, re-consumption chain communication effect once it spreads via social media, continually growing the consumer group's size. Pop Mart's growth from a straightforward product consumption to a social and cultural phenomenon has been made possible by this mechanism.

When the aforementioned mechanisms work together, customers finally show clear signs of making recurrent purchases. Due to the continuous reinforcing effect of the uncertain reward mechanism and the emotional feedback mechanism of blind boxes, customers often form a cyclical behavior pattern of repeated attempts, then expecting results, and finally making purchases [5]. This high-frequency repurchase feature not only increases the frequency of individual customer consumption but also enhances the stability of the enterprise's revenue.

Overall, the consumer behavior of Pop Mart shows a progressive logical chain of "emotional drive by Generation Z-strengthening of emotional consumption - formation of collection culture - social dissemination and diffusion-solidification of high-frequency repurchase". This complete chain indicates that consumers have shifted from a single purchasing behavior to a comprehensive consumption behavior pattern with emotional, social and cultural attributes. It is precisely for this reason that the capital market generally believes that Pop Mart has the potential for sustained growth and a high user lifetime value, that is, its growth does not rely on a single product sale, but is based on a stable and scalable consumption behavior structure.

4. Model analysis

For early-stage start-up enterprises, due to the lack of stable profit records and predictable cash flows, the traditional discounted cash flow method (DCF) often fails to accurately reflect enterprise value. Therefore, venture capital institutions usually adopt venture capital valuation methods that emphasize expected exit value rather than current earnings, and evaluate investment potential based on growth prospects, industry potential, team capability, and business model strength [7].

This article assumes that investors were in the period from 2017 to 2018, using only the information available at that time to analyze Pop Mart, without relying on the result information brought about by its subsequent listing and global expansion, to explore why venture capital institutions were already able to determine that Pop Mart had relatively high investment value at that point in time.

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According to the data disclosed in the prospectus of Pop Mart for its listing, the company's revenue was 158,074 thousand yuan in 2017 and increased to 514,511 thousand yuan in 2018, representing a year-on-year growth of 225.49%. This growth rate, which is incredibly uncommon in the consumer goods sector, shows that the company's products have reached a stage of rapid expansion and have been validated by the market. For venture capital institutions, the growth rate of income is often more important than current profits. High growth means that the enterprise has found the Product-Market Fit, and there is the possibility of further expanding the market scale in the future.By the end of 2017, Pop Mart had 32 retail stores. By the end of 2018, the number of stores had grown to 63, representing a year-on-year increase of 96.9%. Meanwhile, the number of RoboShops has grown from 43 to 260, an increase of over 500%.From the perspective of business logic, an enterprise's revenue can be expressed as formula (1):

$$Revenue = Number\ of\ stores * Sales\ per\ store \tag{1}$$

If the revenue growth rate is far higher than the store expansion rate, it means the business is not just growing its channels but also enhancing each store's operational effectiveness.

From 2017 to 2018, the company's revenue increased by 225.5%, far exceeding the growth rate of 96.9% in the number of stores. This means that Pop Mart did not achieve growth by simply opening stores, but rather by improving sales efficiency on the basis of enhanced consumer recognition.

According to the operating data from 2017 to 2018, Pop Mart's revenue has reached 514,511,000 yuan and is maintaining a high growth rate. Given that the enterprise has entered a stage of rapid expansion, investors can assume that the average annual growth rate of revenue will remain at around 50% over the next five years.

$$R_t = R_0(1+g)^t \tag{2}$$

$$NI = R_t * m \tag{3}$$

$$EV = NI * PE \tag{4}$$

$$PV = \frac{FV}{(1+r)^n} \tag{5}$$

$$Expected\ Value = Exit * Probability \tag{6}$$

$$PV = \frac{FV}{(1+r)^n} \tag{7}$$

According to the formulas (from (2) to (7)), this study first uses the revenue growth model to estimate the revenue scale for the next five years based on the Venture Capital (VC) valuation framework, and then deduces the enterprise's exit value of approximately 14.6 billion yuan by combining a 15% net profit margin and a 25 times exit price-earnings ratio. After taking into account a 30% success probability and a 30% discount rate, the current reasonable valuation range of the enterprise is approximately 1.18 billion to 3.946 billion yuan.

From a venture capital standpoint, since early-stage companies are marked by a high degree of uncertainty and a short financial history, startup valuation is largely determined by predicted exit value rather than present profitability or cash flows [8]. Therefore, while evaluating investment prospects, VC investors concentrate on growth potential, product-market fit, and scalability.

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Additionally, empirical research demonstrates that significant market validation is indicated by quick revenue growth and operational expansion, which are favourably correlated with higher exit valuations [9]. In this framework, venture capital investment is inherently forward-looking, where value creation is ultimately realized through exit events such as IPOs or acquisitions [10]. Moreover, venture capital investment decisions are embedded in a dynamic lifecycle process in which entry, monitoring, and exit are interdependent stages of value realization [11]. In addition, venture capital funds operate under a structured lifecycle framework in which investment selection, active monitoring, and exit decisions are sequential and interconnected processes of value creation and realization.

5. Conclusion

5.1. Main findings

Based on the case of Pop Mart, the formation mechanism of the commercial value of trendy toy brand cultural enterprises was discussed. Research has found that Pop Mart has transformed cultural and creative content into commercial products with sustainable consumption capacity through IP commercialization, blind box sales models and brand operation. On the consumer side, consumers centered around Generation Z pay more attention to emotional value, identity recognition and social interaction, which has driven high-frequency repurchase, collection behavior and social dissemination effects, forming a stable consumption loop. At the capital market level, the rapidly growing revenue, replicable business models and strong market validation capabilities of enterprises enable investors to form high value expectations in the early stage. Research shows that the commercial value of Pop Mart stems from the synergistic effect of IP commercialization, emotional consumption demands and capital market expectations, jointly constructing a sustainable value creation mechanism.

5.2. Limitations and future study

This article still has certain research limitations. Firstly, in terms of case selection, this paper takes Pop Mart as the research object. As Pop Mart is highly representative in China's trendy toy industry, it can well reflect the development characteristics of the industry. However, there are still certain differences among different enterprises in terms of business models and market positioning. In the future, more cases can be combined for comparative analysis to further enrich the research conclusion. Secondly, in terms of research methods, this paper mainly adopts the methods of case analysis and literature research to conduct a systematic analysis of the formation mechanism of commercial value. In the future, methods such as questionnaires and interviews can be further combined to conduct more in-depth verification of the relevant conclusions. Finally, in terms of data, this paper mainly conducts research based on the publicly disclosed financial data of enterprises, industry materials and related literature, which can meet the research needs. However, with the development of the industry and the continuous update of enterprise operation data, in the future, longer-term data and the performance of enterprises in different market environments can be combined. Conduct a more comprehensive study on the formation mechanism of the commercial value of trendy toy brand culture enterprises.

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